FEDERAL BUREAU OF INVESTIGATION
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Page 58 ~ b3;
Page 59 ~ b3;
Page 60 ~ b3; b5; b6; b7C;
Page 61 ~ b3; b5; b6; b7C;

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(Rev. 10-01-1999)

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 11/10/1999

To: Criminal Investigative
Honolulu
Attn: FCS/GFU
Attn: WCC Program Manager

From: Honolulu
Saipan RA
Contact: SA [redacted] 670-234-6934 b6 b7C

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 46H-HN-~~NEW~~ 15918 (Pending)

Title: CHINA STATE CONSTRUCTION ENGINEERING
CORPORATION, doing business as
~~PAC~~ UNITED CORP. LTD. (CNMI)
GUALO RAI CENTER, ROOM 201
SAIPAN, CNMI;
DEPARTMENT OF INTERIOR,
OFFICE OF INSULAR AFFAIRS - VICTIM;
FRAUD AGAINST THE GOVERNMENT

Synopsis: To open captioned matter.

Enclosures: Enclosed for FBIHQ is the original and one copy of an opening LHM reference captioned matter.

Details: Captioned matter is being initiated based on allegations that captioned subject is using inferior materials and building methods to defraud the Department of the Interior in connection with the construction of the Commonwealth of the Northern Mariana Islands (CNMI), Public School System (PSS), Capital Improvement Projects (CIP), $6.1 million Kagman Elementary School (KES) project.

Eighty percent (80%) of the funds to build the KES is being funded by the Department of the Interior (DOI), Office of Insular Affairs (OIA).

The building is being constructed using pre-cast panels of concrete.

Building construction is being inspected by the CNMI Department of Public Works (DPW), Technical Services Division (TSD). [redacted] of the TSD, has advised several b6 b7C

Open & Assign to [redacted] 11/12/99
Date: 11/10/99
Initials: [redacted]
Source # 07
FAQ

46H-HN-15918-1

3/[redacted]/1.EC ✓ TIER 1

To: Criminal Investigative From: Honolulu
Re: 46H-HN-NEW, 11/10/1999

individuals that subject company paid for [redacted] to fly to Beijing, Peoples Republic of China (PRC), to meet with subject company. [redacted] expenses in Beijing were paid for by subject company. b6 b7C

Subsequent to being awarded the contract, subject company supplied DPW inspectors with two brand new Toyota Rav4 sport utility vehicles. A DPW [redacted] has advised the FBI/OPA PCTF that DPW [redacted] assigned to the KES project, has most probably been compromised by subject company.

On-site inspection reports by PSS CIP personnel revealed cracked wall panels, cracked ceiling panels, and support columns which had lost their structural integrity. The concrete supplier advised the FBI/OPA Public Corruption Task force (PCTF) that obvious problems with the handling of the concrete panels and columns exsisted at the job-site. All these obvious deficiencies escaped the attention of DPW [redacted] b6 At the insistence of the PSS CIP coordinators, subject company b7C was forced to test several pre-cast panels.

Thirty-one (31) roof panels were rejected for failure to meet the concrete compaction test minimum pound per square inch (psi), or a lack of rebar support consistent with the building specifications.

Letters between subject company and its sub-contractors reveal subject company switched to a cheaper concrete mix which materially violated the building specifications. Sub-contractor advises in a letter obtained by the FBI/OPA PCTF that sub-contractor was instructed by subject company to use cheaper concrete to plaster wall joints rather than the more expensive and stronger non-shrink grout called for in the building specifications.

A review of contract change orders indicate subject company has continuously attempted to short-cut the project specifications in order to cut costs.

On November 4, 1999, [redacted] advised the b6 FBI/OPA PCTF that DOI OIA intended to request the US Army Corp of b7C Engineers conduct a structural integrity test on the KES project.

It is reccomended that this case be opened and assigned, and that the following sub-files be opened to assist case management:

Sub BC - Background information reference subject(s)

To: Criminal Investigative From: Honolulu
Re: 46H-HN-NEW, 11/10/1999

Sub FF - Forfeiture

Sub SBP - Subpoena

Sub SW - Search warrants

Sub 302 - FD-302's and inserts

Sub BRIBE - Bribery allegations

Sub FAG - Government fraud allegations

◆◆

Inventory of Bulky Nonevidentiary Property
FD-192a (1-5-89)

Date 5/3/00

Title and Character of Case
CHINA STATE

FILE NO. 46H-HN-15918

OO: _____

Date Acquired	Acquired From:
11/30/99	[redacted]

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To Be Returned	See Serial	Acquiring Agent	Case Agent
☐ Yes ☒ No		[redacted]	[redacted]

☐ Yes ☒ No Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure

☐ Yes ☒ No Property To Be Forfeited To The U.S. Government

Description of Property (Be Specific)

Purchase and delivery documents reference Hawaiian Rock products' delivery of concrete to Kagman Elementary School job-site.

For Administrative Use:

Location of Property: _____

Control Number: _____

(File Copy)

BLOCKSTAMP

46-HN-15918-C1
SSRA: [redacted]

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AFFIDAVIT IN SUPPORT OF A SEIZURE WARRANT

Being duly sworn, affiant states:

1) I, [redacted] am a Special Agent of the Federal Bureau of Investigation (FBI), and have been so employed since January of 1990. b6 b7C

2) I am currently assigned to the Honolulu Division, Saipan Resident Agency, investigating individuals involved in fraudulent activity which involves Federal criminal laws. I have approximately nine and a half years of experience in white collar crime investigations.

3) I state that based upon the information set forth hereinafter, there is probable cause to believe that two 1999 two door Toyota RAV4 bearing vehicle identification numbers JT3XP10V7X0016934 and JT3XP10V1X0016962, constituting evidence of a violation of Section 666 of Title 18, United States Code, will be located on the island of Saipan, in the District of the Northern Mariana Islands.

Introduction

4) The United States Department of the Interior, Office of Insular Affairs is funding eighty percent (80%) of the approximately six million dollar ($6,000,000.00) Commonwealth of the Northern Mariana Islands Public School System Kagman Elementary School construction project currently being built in Kagman village, island of Saipan, in the District of the Northern Marian Islands.

5) On approximately December 18, 1998, the contract to build the Kagman Elementary School was awarded by the Commonwealth of

46H-HN-15918-2

SSRA: [redacted] b6 b7C

Pending
doc. #

the Northern Mariana Islands Department of Finance Procurement and Supply to PAC UNITED CORP. LTD. (CNMI).

6) The Commonwealth of the Northern Mariana Islands, Department of Public Works, Technical Services Division has the responsibility of verifying that construction performed on a project contracted out by the Commonwealth of the Northern Mariana Islands complies with the contract specifications. Based on the Title 18 U. S. Code Section 666 definition of an agent, an employee of the Department of Public Works is an agent of the Commonwealth of the Northern Mariana Island government.

Investigation

7) On November 9, 1999, your affiant interviewed [redacted] b6 b7C [redacted] at the Saipan office of the Federal Bureau of Investigation. [redacted] advised your affiant that [redacted] is currently employed by the Commonwealth of the Northern Mariana Islands, Department of Public Works, Technical Services Division, as a [redacted] the Kagman Elementary School construction project. [redacted] advised your affiant that he began his employment in [redacted] and that PAC UNITED CORP. LTD.(CNMI)received a notice to proceed on the Kagman Elementary School in approximately February of 1999.

8) [redacted] advised affiant that [redacted] b6 b7C [redacted] authorized [redacted] to use a Toyota RAV4 purchased by PAC UNITED CORP. LTD. (CNMI) as his personal vehicle. [redacted] advised your affiant that [redacted] did not purchase a personal vehicle until recently because he had access to the RAV4 as his

personal vehicle. b6 b7C

9) [redacted] advised your affiant that PAC UNITED CORP. LTD. (CNMI) provides [redacted] an office and telephone at the Kagman Elementary School construction project job-site and that [redacted] is assigned to work at the Kagman Elementary School construction project Monday through Friday from 8:00 am to 4:30 pm. [redacted] advised your affiant that the only friend he socializes with is PAC UNITED CORP. LTD. (CNMI)'s [redacted] b6 b7C

10) [redacted] advised your affiant that he is responsible to verify that PAC UNITED CORP. LTD. (CNMI) complies with the contract specifications and personally oversees each pouring of concrete at the Kagman Elementary School.

11) [redacted] denied that the use of the PAC UNITED CORP. LTD (CNMI)'s vehicle and office space or his close association with a PAC UNITED CORP. LTD. (CNMI) officer influenced his ability to objectively perform his duties. b6 b7C

12) Your affiant reviewed Microl Corporation invoices 16902 and 16903 dated February 9, 1999 which indicate that two Toyota RAV4 vehicles, Vehicle Identification Numbers JT3XP10V1X0016962 and JT3XP10V7X0016934 were sold to PAC UNITED CORP. LTD., for an amount of $19,500 each and that $60.00 was paid to have the vehicles registered in the CNMI.

13) Your affiant was provided a listing of Kagman Elementary School construction project expenditures by PAC UNITED CORP. LTD's attorney [redacted] offices which indicate that PAC UNITED CORP. LTD. (CNMI) spent $39,060.00 for "two car DPW change b6 b7C

order."

14) Your affiant has reviewed numerous reports written by Public School System and Department of Public Works personnel which indicate that the concrete roof panels, wall panels and columns at the Kagman Elementary School had obvious flaws in them. Records indicate that these flaws were never documented or reported by [redacted] Records reviewed by your affiant indicate that at the insistence of the Public School System, Department of Public Works officials, other than [redacted] forced PAC UNITED CORP. LTD. (CNMI) to have the concrete wall and ceiling panels at the Kagman Elementary School construction project tested for strength. Records reviewed by your affiant indicate that as a result of the concrete compaction tests conducted by Geotesting, Saipan, and a visual observation by a Department of Public Works employee, approximately thirty-one (31) concrete panels and ten (10) load bearing concrete columns at the Kagman Elementary School construction project were rejected and/or destroyed.

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15) Your affiant reviewed Commonwealth of the Northern Mariana Islands, Department of Public Works, Technical Services Division, Application for Payment forms dated March 23, 1999; May 10, 1999; May 28, 1999; and June 15, 1999, all of which revealed that [redacted] in his capacity as [redacted] recommended the payments to PAC UNITED CORP. LTD. (CNMI) be approved, and that the work met the contract requirements.

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16) Your affiant has been advised by [redacted] and [redacted]

[redacted] Department of Interior, Office of Insular Affairs, Saipan, Commonwealth of the Northern Mariana Islands, that the second Toyota RAV4 purchased by PAC UNITED CORP. LTD. (CNMI) is being used by a Department of Public Works employee assigned to the Solid Waste Management program which PAC UNITED CORP. LTD. (CNMI) has no affiliation or interest in. The solid Waste Management employee's use of the Toyota RAV4 purchased by PAC UNITED CORP. LTD. (CNMI) has no benefit to the Kagman Elementary School construction project. b6 b7C

17) Your affiant reviewed a print out of Comonwealth of the Northern Mariana Islands payments made to PAC UNITED CORP. LTD. (CNMI) between March 3, 1999 and October 20, 1999, in connection with the Kagman Elementary School construction project which totaled one million nine hundred thirty-nine thousand nine hundred eighty-four dollars and twenty-one cents ($1,939,984.21).

18) Based on the above-stated information, affiant has probable cause to believe that PAC UNITED CORP. LTD. (CNMI), and others known and unknown to the United States conspired to corruptly influence [redacted] an agent of the Commonwealth of the Northern Mariana Islands, an agency receiving more than ten thousand dollars ($10,000.00) in a twelve month period of time relevant to the offense, in a business transaction involving more than five thousand dollars ($5,000.00), in violation if 18 U.S.C. 666. Affiant also has probable cause to believe that items more specifically described in Attachment A constituting evidence of such violation presently exist in the b6 b7C

District of the Northern Mariana Islands.

19) Due to the above-stated information affiant requests the seizure of items authorized by Federal Rule of Evidence 41(b) (1), (2), and (3) and more specifically described in Attachment A. Further the affiant sayeth not.

[redacted]

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Special Agent
Federal Bureau of Investigation

Subscribed and sworn to before me this 10th day of November, 1999.

United States District Judge

ATTACHMENT A

One 1999 Toyota RAV4 Two Door Wagon bearing Vehicle Identification Number JT3XP10V7X0016934.

One 1999 Toyota RAV4 Two Door Wagon bearing Vehicle Identification Number JT3XP10V1X0016962.

FD-302 (Rev. 10-6-95)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/16/99

[redacted] an Asian Pacific male, born on [redacted] in the Philippine Islands, and now a United States citizen, residing in the [redacted] Garapan village, island of Saipan, Commonwealth of the Northern Mariana Islands (CNMI), was interviewed at the Saipan office of the FBI. After being advised of the identity of the interviewers and that the interview was voluntary, [redacted] supplied the following information:

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[redacted] has been on the island of Saipan since 1995. [redacted] is currently employed as a [redacted], by the CNMI Department of Public Works (DPW), and has been so employed since [redacted] at CNMI DPW is [redacted] annual salary at DPW is $25,000.00. [redacted] is a [redacted] licensed in the State of [redacted]

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Prior to his current employment with DPW [redacted] was employed at [redacted] an architectural and engineering firm. [redacted] contract with [redacted] expired in December of 1998.

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[redacted] was assigned to the CNMI Public School System (PSS), Kagman Elementary School (KES) construction project in January of 1999 and currently continues to be the [redacted] for the project. [redacted] has the responsibility of insuring that the contract specifications are met. DPW employees [redacted] also inspect the KES construction project. In approximately February of 1999, PAC United Corp. Ltd. (CNMI), (PAC), received a Notice To Proceed (NTP) on the KES construction project from the CNMI.

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PAC maintains an administrative office in the Gualo Rai Center, Middle Road, Gualo Rai village, Saipan. [redacted] main contact with PAC at the KES construction project is with [redacted] is PAC's [redacted] PAC's [redacted] is [redacted] PAC's [redacted] is [redacted] (phonetic), [redacted] is another PAC [redacted] and PAC has four Chinese nationals employed as general laborer's.

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Investigation on 11/9/99 at Saipan, CNMI

File # 46H-HN-15918 Date dictated 11/9/99

by SA [redacted]
OPA Auditor [redacted]

46H-HN-15918-3

320 [redacted] 2.302 ✓

SSRA [redacted]

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This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

The KES is being constructed of pre-cast concrete panels and supports. PAC sub-contracted the production of the concrete panels to Guam Concrete. Guam Concrete sub-contracted the erection of the concrete panels to Sablan Construction Company Limited (SCCL). Hawaiian Rock Products (HRP), Saipan, supplied the concrete mix. Geotesting, Saipan is conducting the concrete compaction tests on the concrete poured at the KES construction project.

PAC maintains a casting bed to fabricate the pre-cast concrete panels. SCCL constructed forms to the specifications of the shop drawings prepared by Guam Concrete. Based on the shop drawing specifications, rebar is placed in the form prior to the pouring of concrete.

PAC orders concrete from HRP to be delivered to KES construction site. HRP delivers concrete which is poured into the forms. Each truck load of concrete will fill about three to four panel forms. HRP supplies PAC with a copy of the specific concrete mix delivered. Geotesting takes several, two or three, samples of each truck load of concrete. The samples are allowed to set for one day prior to Geotesting transporting the cylinders to the test site. Geotesting test the samples, strength at seven (7), fourteen (14), and twenty-eight (28) day intervals.

The panels are allowed to sit for at least three days before the forms are removed. The panels remain on the ground for a minimum of seven days. If a panel cracks on the ground, it is rejected. A crane is used to lift the panels onto a truck to be stored closer to the job-site and to clear the casting bed. When the job site is ready, the panel is lifted into place by crane. Concrete is used to fill the joints between the panels.

[redacted] personally over saw the pouring of every batch of concrete. [redacted] is extremely confident PAC did not order nor did HRP ever deliver any High Early Strength concrete to the KES construction site. [redacted] is certain that pre-cast concrete panels were not moved prior to seven days of curing. [redacted] maintains a log of each panel poured. b6 b7C

[redacted] was present when Geotesting took core samples from wall and ceiling panels at the KES construction site. [redacted] was present when the samples were tested and failed. b6 b7C

[redacted] believes the samples failed because Guam Concrete mishandled the panels. [redacted] was present when DPW [redacted] (phonetic) discovered that rebar placed in the ceiling panels on building B were spaced too far apart. The panels had to be rejected. SCCL the panels to the specifications of Guam Concrete's shop drawings.

Huge load bearing columns for building A were broke because of loads placed on them. Ten had to be replaced and three or four of them were repaired by PAC without [redacted] b6 b7C knowledge. A special firm, VSL, in Guam needed to fill the columns with grout before the loads were placed on the columns. [redacted] verbally reported the problems at KES to [redacted]

[redacted] instructed [redacted] to investigate why b6 b7C there were so many problems with the pre-cast panels and columns at KES.

[redacted] is aware PAC is using 5,000 pound per square inch (psi) concrete to pour the connecting wall joints. [redacted] has personally seen a specification submittal from PAC which specifies the use of 5,000 psi concrete for the wall joints. PAC has never used anything but 5,000 psi concrete and there has never been an issue surrounding the use of the 5,000 psi concrete for the wall joints. On November 8, 1999, PAC received a load of 5,000 psi concrete from HRP which was used in the wall joints on Building E.

[redacted] has an [redacted] in [redacted] who [redacted] b6 b7C supports. [redacted] maintains Bank of Saipan account number [redacted] does not frequent the Karoke Clubs or Poker parlors. [redacted] friend is [redacted] an employee at PAC.

[redacted] was advised by his [redacted] b6 b7C that [redacted] is authorized to use a Toyota RAV4 purchased by PAC UNITED CORP. LTD. (CNMI) as his personal vehicle. [redacted] did not purchase a personal vehicle until recently because he had access to the RAV4 as his personal vehicle.

[redacted] feels no loyalty or obligation to PAC.

[redacted] was not part of the meeting between PAC, DPW and PSS when problems at KES were discussed. [redacted] is not

aware of any conditions PAC has been put under in connection with PAC being allowed to continue the KES construction project.

Guam Concrete and SCCL left the KES construction project because of a lack of payment.

PAC United stores materials for the KES construction project at Guang Dong hardware, a retail hardware company.

(Rev. 10-01-1999)

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE Date: 11/18/1999

To: Honolulu Attn: WCC Program Manager [redacted] b6 b7C

From: Honolulu
Saipan RA
Contact: SA [redacted] 670-234-6934

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 46H-HN-15918 (Pending)

Title: CHINA STATE CONSTRUCTION ENGINEERING CORPORATION;
ET AL;
FAG-DOI

Synopsis: To report forfeiture efforts.

Enclosures: Enclosed for Honolulu is an affidavit in support of a seizure warrant.

Details: On approximately November 8, 1999, efforts were initiated at the Saipan RA to seize two 1999 Toyota RAV4 vehicles. A draft affidavit was prepared and sent to Paralegal Specialist (PS) [redacted] and the United States Attorney's Office, Saipan. (X) [redacted] b6 b7C

The U.S. Marshal's Service has advised that there have been approximately 12 DEA forfeitures of personal property and no real property forfeitures in the District of the Northern Mariana Islands. The majority of the forfeitures have been administrative. The FBI has never initiated a forfeiture action.

No Saipan AUSA, including AUSA [redacted] (assigned captioned criminal investigation), has never worked a forfeiture matter. AUSA [redacted] Chief of Criminal, Guam, has 18 years of criminal prosecution and has worked numerous money laundering and forfeiture matters. An appointment to meet with AUSAs [redacted] was set for Tuesday, 11/16/99, at 9:00 am to discuss forfeiture in general and the captioned case specifically. b6 b7C

PS [redacted] arranged to fly to Saipan to conduct forfeiture training, meet with the USAO, and prepare the paperwork required in the event of a vehicle seizure.

46H-HN-15918-5

SSRA: [redacted] b6 b7C

32 [redacted] 01.EC

PS [redacted] arrived on Saipan and met with case agent and advised agent with respect to the affidavit for seizure and resultant seizure warrant. PS [redacted] viewed the subject vehicles and reviewed file material available. b6 b7C

On 11/15/99, PS [redacted] and case agent met with AUSA [redacted] to discuss forfeiture in general and the case specifically. PS [redacted] addressed concerns voiced by the case agent and AUSA [redacted] PS [redacted] made it known to the case agent and AUSA [redacted] that she was available as a resource in forfeiture matters. A final draft of the affidavit was prepared and submitted to the USAO. PS [redacted] provided forfeiture training and materials to the Saipan agents and Task Force officers. b6 b7C

On 11/16/99, PS [redacted] and case agent were advised that AUSA [redacted] and the forfeiture AUSA from Guam would not be able to attend the scheduled meeting, but could meet in the afternoon. PS [redacted] was scheduled to leave in the early afternoon and because of the limited flights to/from Guam the meeting could not be arranged.

AUSA [redacted] and AUSA [redacted] met with the case agent and advised the case agent that [redacted] b5 b6 b7C

♦♦

AFFIDAVIT IN SUPPORT OF A SEIZURE WARRANT

Being duly sworn, affiant states:

1) I, [redacted] am a Special Agent of the Federal Bureau of Investigation (FBI), and have been so employed since January of 1990. b6 b7C

2) I am currently assigned to the Honolulu Division, Saipan Resident Agency, investigating individuals involved in fraudulent activity which involves Federal criminal laws. I have approximately nine and a half years of experience in white collar crime investigations.

3) I state that based upon the information set forth hereinafter, there is probable cause to believe that two 1999 Toyota RAV4s bearing vehicle identification numbers JT3XP10V7X0016934 and JT3XP10V1X0016962, and more specifically described in Attachment A, constituting evidence of a violation of Section 666 of Title 18, United States Code, will be located on the island of Saipan, in the District of the Northern Mariana Islands.

Introduction

4) The United States Department of the Interior, Office of Insular Affairs is funding eighty percent (80%) of the approximately six million dollar ($6,000,000.00) Commonwealth of the Northern Mariana Islands Public School System Kagman Elementary School construction project currently being built in Kagman village, island of Saipan, in the District of the Northern Mariana Islands.

5) On approximately December 18, 1998, the contract to build

the Kagman Elementary School was awarded by the Commonwealth of the Northern Mariana Islands Department of Finance Procurement and Supply to PAC UNITED CORP. LTD. (CNMI).

6) The Department of Public Works, Technical Services Division, is an agency or division of the CNMI and has the responsibility of verifying that construction performed on a project contracted out by the Commonwealth of the Northern Mariana Islands complies with the contract specifications.

Investigation

7) On November 9, 1999, your affiant interviewed [redacted] b6 b7C [redacted] at the Saipan office of the Federal Bureau of Investigation. [redacted] advised your affiant that [redacted] is currently employed by the Commonwealth of the Northern Mariana Islands, Department of Public Works, Technical Services Division, as a [redacted] the Kagman Elementary School construction project. [redacted] advised your affiant that he began his employment in [redacted] and that PAC UNITED CORP. LTD. (CNMI) received a notice to proceed on the Kagman Elementary School contract in approximately February of 1999.

8) [redacted] advised affiant that [redacted] b6 b7C [redacted] authorized [redacted] to use a Toyota RAV4 purchased by PAC UNITED CORP. LTD. (CNMI) as his personal vehicle. [redacted] advised your affiant that [redacted] did not purchase a personal vehicle until recently because he had access to the RAV4s as his personal vehicle.

9) [redacted] advised your affiant that PAC UNITED CORP. LTD.

(CNMI) provides [redacted] an office and telephone at the Kagman Elementary School construction project job-site and that [redacted] is assigned to work at the Kagman Elementary School construction project Monday through Friday from 8:00 am to 4:30 pm. b6 b7C

10) [redacted] advised your affiant that he is responsible to verify that PAC UNITED CORP. LTD. (CNMI) complies with the contract specifications and personally oversees each pouring of concrete at the Kagman Elementary School. b6 b7C

11) [redacted] denied that the use of the PAC UNITED CORP. LTD (CNMI)'s vehicle and office space or his close association with a PAC UNITED CORP. LTD. (CNMI) officer influenced his ability to objectively perform his duties.

12) Your affiant reviewed Microl Corporation invoices 16902 and 16903 dated February 9, 1999 (Exhibit B) which indicate that two Toyota RAV4 vehicles, Vehicle Identification Numbers JT3XP10V1X0016962 and JT3XP10V7X0016934 were sold to PAC UNITED CORP. LTD., for an amount of $19,500 each and that $60.00 was paid to have the vehicles registered in the CNMI.

13) Your affiant was provided a listing of Kagman Elementary School construction project expenditures by PAC UNITED CORP. LTD's attorney [redacted] offices which indicate that PAC UNITED CORP. LTD. (CNMI) spent $39,060.00 for "two car DPW change order." b6 b7C

14) Your affiant has reviewed numerous reports written by Public School System and Department of Public Works personnel

which indicate that the concrete roof panels, wall panels and columns at the Kagman Elementary School had obvious flaws in them. Records indicate that these flaws were never documented or reported by [redacted]. Records reviewed by your affiant b6 b7C indicate that at the insistence of the Public School System, Department of Public Works officials, other than [redacted] forced PAC UNITED CORP. LTD. (CNMI) to have the concrete wall and ceiling panels at the Kagman Elementary School construction project tested for strength. Records reviewed by your affiant indicate that as a result of the concrete compaction tests conducted by Geotesting, Saipan, and a visual observation by a Department of Public Works employee, approximately thirty-one (31) concrete panels and ten (10) load bearing concrete columns at the Kagman Elementary School construction project were rejected and/or destroyed.

15) Your affiant reviewed Commonwealth of the Northern Mariana Islands, Department of Public Works, Technical Services Division, Application for Payment forms dated March 23, 1999; May 10, 1999; May 28, 1999; and June 15, 1999, all of which revealed that [redacted] in his capacity as [redacted] b6 b7C recommended the payments to PAC UNITED CORP. LTD. (CNMI) be approved, and that the work met the contract requirements.

16) Your affiant reviewed a print out of Comonwealth of the Northern Mariana Islands payments made to PAC UNITED CORP. LTD. (CNMI) between March 3, 1999 and October 20, 1999, in connection with the Kagman Elementary School construction project which

totaled one million nine hundred thirty-nine thousand nine hundred eighty-four dollars and twenty-one cents ($1,939,984.21).

Summary

17) Based on the above-stated information, affiant has probable cause to believe that PAC UNITED CORP. LTD. (CNMI) did corruptly give things of value such as two Toyota RAV4 vehicles to Department of Public Works employees, agents of the Commonwealth of the Northern Mariana Islands, an agency receiving more than ten thousand dollars ($10,000.00) in a twelve month period of time relevant to the offense, with the intent to influence or reward Department of Public Works employees, in connection with a business transaction involving more than five thousand dollars ($5,000.00), in violation of Title 18 U.S.C. Section 666. Affiant also has probable cause to believe that items more specifically described in Attachment A constituting evidence of such violation presently exist in the District of the Northern Mariana Islands.

19) Due to the above-stated information affiant requests the seizure of items authorized by Federal Rule of Evidence 41(b)(1), (2), and (3) and more specifically described in Attachment A. Further the affiant sayeth not.

[redacted]

Special Agent
Federal Bureau of Investigation

b6
b7C

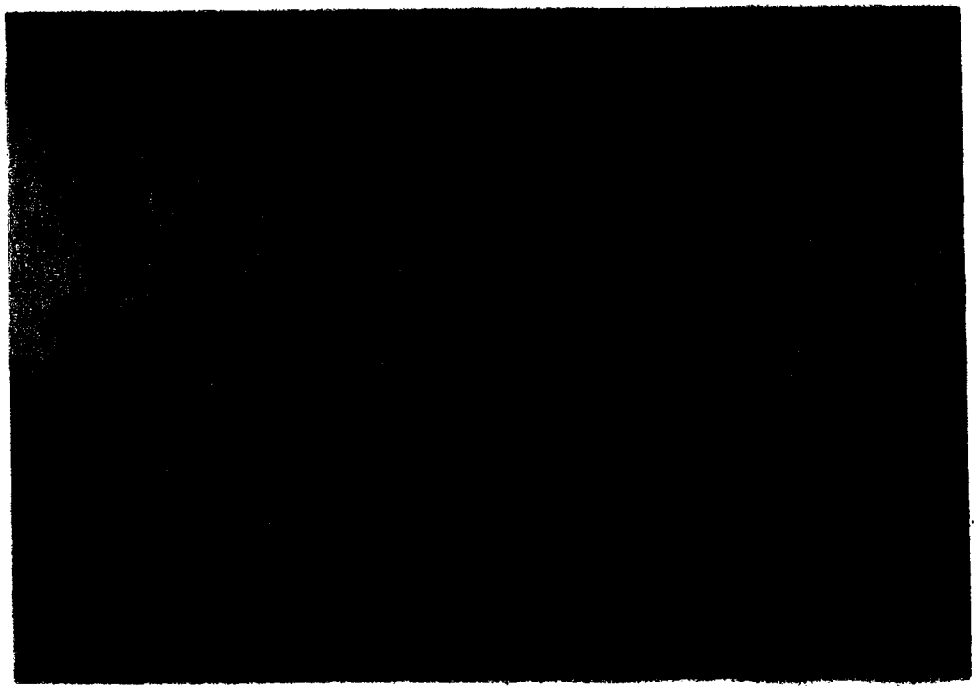
Subscribed and sworn to before me this 10th day of November,

1999.

United States District Judge

ATTACHMENT A

One green 1999 Toyota RAV4 Two Door Wagon bearing Vehicle Identification Number JT3XP10V7X0016934 and 1999 CNMI license plate number ACL 912.



One red 1999 Toyota RAV4 Two Door Wagon bearing Vehicle Identification Number JT3XP10V1X0016962 and 1999 CNMI license plate number ACL 902.

VEHICLE INVOICE

TOYOTA

GMC TRUCKS

Microl Corporation
An Inchcape Motors Company
P.O. Box 287 • Saipan, MP 96950
Tel: (670) 234-5811 Fax: (670) 234-6514

№ x16903

SOLD TO: PAC UNITED CORP. LTD.
ADDRESS P.O. BOX 3307 CK. SUSUPE, SAIPAN, MP 96950

DATE 02/09/1999

SALESMAN: TCA

	YEAR	MAKE	NEW OR USED	STOCK NUMBER	MODEL OR SERIES	VEHICLE IDENTIFICATION NO.	KEY NUMBER
VEHICLE SOLD	1999	TOYOTA	NEW	T99-I-00	RAV4 HARDTOP 2DR WAGON	JT3XP10V1X0016962 3S -2554797	ACL 902
TRADE IN							

INSURANCE COVERAGE INCLUDES

☐ FIRE AND THEFT ☐ PUBLIC LIABILITY – AMT.
☐ COLLISION – AMT. DEDUCT. ☐ PROPERTY DAMAGE – AMT.

OPTIONAL EQUIPMENT AND ACCESSORIES

GROUP DESCRIPTION

FACTORY INSTALLED:

DEALER INSTALLED:

SELLING PRICE	19,500.00
SALES TAX	
LICENSE AND TITLE	
TOTAL CASH PRICE	19,500.00
FINANCING	
INSURANCE	~~Self Arranged~~
TOTAL TIME PRICE	
SETTLEMENT:	
DEPOSIT	19,530.00 OR#A60699
CASH ON DELIVERY	
TRADE-IN $	
LESS LIEN $	
PAYMENTS: ~~BGN~~ 0 AT $	
AT $	
TOTAL	-30.00 registration fee

VEHICLE INVOICE

TOYOTA

GMC TRUCKS

Microl Corporation
An Inchcape Motors Company
P.O. Box 287 • Saipan, MP 96950
Tel: (670) 234-5811 Fax: (670) 234-6514

№ x16902

DATE 02/09/1999

SOLD TO: PAC UNITED CORP. LTD.
ADDRESS P.O. BOX 3307 CK. SUSUPE, SAIPAN, MP 96950

SALESMAN: TCA

	YEAR	MAKE	NEW OR USED	STOCK NUMBER	MODEL OR SERIES	VEHICLE IDENTIFICATION NO.	KEY NUMBER
VEHICLE SOLD	1999	TOYOTA	NEW	T99-I-00	RAV4 HARDTOP 2DR WAGON	JT3XP10V7X0016934 3S -2553834	ACL 912
TRADE IN							

INSURANCE COVERAGE INCLUDES

☐ FIRE AND THEFT ☐ PUBLIC LIABILITY – AMT.
☐ COLLISION – AMT. DEDUCT. ☐ PROPERTY DAMAGE – AMT.

OPTIONAL EQUIPMENT AND ACCESSORIES

GROUP DESCRIPTION

FACTORY INSTALLED:

DEALER INSTALLED:

SELLING PRICE	19,500.00
SALES TAX	30.00
LICENSE AND TITLE	
TOTAL CASH PRICE	19,530.00
FINANCING	
INSURANCE	Self Arranged
TOTAL TIME PRICE	
SETTLEMENT:	
DEPOSIT	19,530.00 OR#A60699
CASH ON DELIVERY	
TRADE-IN $	
LESS LIEN $	
PAYMENTS: ~~BGN~~ 0 AT $	
AT $	
TOTAL	

Micronesia's Leading Newspaper Since 1972

Vol. 28 No. 204 ©1999 Marianas Variety

Wednesday • December 22, 1999

Saipan, MP 96950 Serving CNMI for 26 Years

50¢

Projection for Saipan, Guam:

Suit filed over Kagman school project

By Ferdie de la Torre
Variety News Staff

A PRIVATE firm has sued a subcontractor for alleged breach of contract in connection with the building of Kagman Elementary School project.

PAC United Corp. Ltd. asked the Superior Court to rule that defendant Guam Concrete Builders is not entitled to any payment under the terms of their contract.

PAC, through counsel Eric S. Smith, also sought court's order compelling Guam Concrete to reimburse the firm for its payments made.

According to the complaint, PAC, which has a contract with the Public School System for the Kagman project, entered into construction contract with subcontractor Guam Concrete last April 8.

Smith said a controversy has arisen between PAC and Guam Concrete relative to their legal rights and duties under the contract.

Guam Concrete claimed that it has competently performed its

Continued on page 26

Suit. . .

Continued from page 1

duties and obligations as set forth under the terms of contract.

Guam Concrete also claimed that any delays of breaches in quality in performance under the terms of the contact were caused by PAC and that it is entitled to full payment.

The contract was supported by valuable consideration in the sum of $269,500, the complaint said.

Smith said Guam Concrete has failed to complete the requirements of the contract in a timely manner.

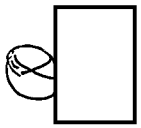
Smith said other requirements that the defendant failed were:

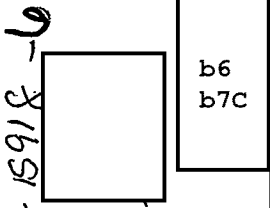
•Level of quality required by the contract and by industry standards.

•Necessary financial support.

•Engineering and structural specifications required by the contract and by industry standards.

As a result of Guam Concrete's breach of the contract, Smith said, PAC has been damaged.





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46H-NH-3161-9

88RA

02/02/00
20:57:52

View Document Attributes

ECFVA0M0

Orig. Office : HN
Document Type : FD5A
Document Date : 01/12/00
To . . . . . : HONOLULU
From . . . . : HONOLULU
Case ID . . . : 46H-HN-15918 Serial : 7
Topic . . . . : AUTOMATED SERIAL PERMANENT CHARGE-OUT
Author . . . : [redacted] b6 b7C
Approver . . : [redacted]
Ref. Case ID : Serial :

Responses :
Text . . : Y
FIF . . . :

Class Level : SN Authority : Duration : SCI :
Rule 6(e) . : Caveats . : FD-501 . :
Secure Doc. :

Command . . . > ..... +
F1=Help F3=Exit F4=Prompt F12=Cancel F13=Text F14=List F16=NextDoc

will replace w/original

FAXED
DATE: 6/21/99

CHINA STATE CONSTRUCTION ENGINEERING CORPORATION

PAC UNITED CORP., LTD., (C.N.M.I.)

P.M.B. 10001 Dept. 65, Saipan, MP 96950 - 8901
TEL. NO. (670) 235-8825/256-88-18 FAX NO (670) 235-8826

June 18, 1999

[redacted] b6 b7C

Hawaiian Rock Products
P.O. Box 10000 PPP 139
Saipan, MP 96950

Subject: **" Ready Mixed Concrete: 4000 Psi. (Normal & Pump Mix) "**
Kagman Elementary Schoool Project

Dear [redacted]

We would like to know the status of your investigation regarding the **4,000 Psi. Ready Mixed Concrete (Normal/Pump Mix)**, used for the pre-casting of panels for the above-mentioned project.

Yesterday, the representative from Public School System have an ocular inspection on the installed Pre-cast roof panel filled with cracks and this morning, we received a letter from the Public School System (PSS-CIP) Coordinator to refrain us any further erection at Building A due to the following structural cracked at Pre-cast roof panel slab/beam and columns.

Your field representative witnessed the concrete pouring of the first batch of the pre-cast of the roof planks at the casting bed area and when the concrete was settled, the cracks already exist.

As a result of this problems, we gave bonded materials a piece of chipped concrete taken from the panel to be tested in Hawaii. Also, we experience that the concrete is too easy to be chipped and very brittle.

(X) [redacted]

In view of this, we would like to have a direction from your company regarding your investigation of the concrete that you supply for this said project.

Thank you for your cooperation. We need your immediate response on or before **June 22, 1999.**

Sincerely yours,

PAC United Corp., Ltd. (C.N.M.I.)

[redacted] b6 b7C

~~194A~~ 464-HN-15918-8

SSRA: [redacted]

RECEIVED
2/1/00 [redacted]

[redacted]

FBI FACSIMILE

COVER SHEET

PRECEDENCE

- ☐ Immediate
- ☐ Priority
- ☐ Routine

CLASSIFICATION

- ☐ Top Secret
- ☐ Secret
- ☐ Confidential
- ☐ Sensitive
- ☐ Unclassified

Time Transmitted: [redacted]
Sender's Initials:
Number of Pages:
(including cover sheet)

b6
b7C

To: ~~GUAM~~ Saipan
Name of Office

Date: 1/13/00

Facsimile Numb[redacted]

Attn: [redacted]
Room Telephone

From: ~~HONOLULU~~ Guam
Name of Office

Subject: 194A-HN-163794 - 1A 19

Special Handling Instructions:

Originator's Name [redacted] Telephone: 566-4419

b6
b7C

Originator's Fa[redacted] 566-4470

Approved: [redacted]

Brief Descripti[redacted]ion Faxed:

WARNING

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FAX TRANSMISSION

FBI
P.O. Box 502030
Saipan, MP 96950
670-234-6934
Fax: 670-234-6783

To: [redacted] **Date:** January 11, 2000 b6 b7C

Fax #: 671-472-7449 **Pages:** 6, including this cover sheet.

From: [redacted]

Subject: FYI

COMMENTS:

Do these names mean anything to you? They were on the back side of some document [redacted] gave me, and are unrelated to my case.

4, 7

[redacted] b6 b7C

RECEIVED 2 1 00 [redacted]

46H-HN- 15918-9

SSRA [redacted] b6 b7C

SINO TRADING JAPAN, LTD.
株式会社シノトレーディングジャパン

FACSIMILE

TO : [redacted] b6 b7C
OF SINO TRADING AGENCY, GUAM
FAX : 1-671-472-6096
DATE: 1ST, FEB, '99

RE: VISITING TO SAIPAN

FLIGHT SCHEDULE AS FOLLOW

2ND, FEB, '99 (TUE)

JAL 943
10:20 DEP OSAKA
14:40 ARR GUAM

PLS MAKE MEETING SCHEDULE WITH [redacted]

FROM THE DESK OF.....

[redacted] b6 b7C
SINO TRADING JAPAN, LTD
HOKU-SINO, KOBE CO., LTD
TEL [redacted] FAX [redacted]

SINO TRADING JAPAN, LTD.
株式会社シノトレーディングジャパン

b6
b7C

FACSIMILE

TO : [redacted]
OF SINO TRADING AGENCY, GUAM
C.C [redacted] TAN HOLDING CORPORATION
FAX : [redacted]
DATE: 6TH, FEB, '99

RE: L/C FOR BASLT DELIVERY TO SAIPAN

PLS OPEN L/C TO UNDERMENTION BANK IMMEDIATELY.

1. THE SUMITOMO BANK, LTD
KISHIWADA BRANCH

-BENEFICIARY-

2. KANESUGI KOGYOU CO., LTD
1-3 OOKITA-CHO KISHIWADA-CITY OOSAKA-PRE, JAPAN

3. BANK ACCOUNT NO.
U.S $ [redacted]

b6
b7C

THANKS REG.

FROM THE DESK OF....

[redacted]
SINO TRADING JAPAN, LTD
HOKU-SINO, KOBE CO., LTD
TEL [redacted] AX [redacted]

SINO TRADING JAPAN, LTD.
株式会社シノトレーディングジャパン

6/F, 2-10, 2-CHOME ISOBE-DORI CHUO-KU KOBE JAPAN
〒651 神戸市中央区磯辺通2丁目2-10 新南栄ビル6F
TEL:078-271-2121 FAX:078-271-2123 TELEX:5622555 SINOTRAD KOBE

Proposal

FAXED
SEP 09 1998
#Pages

Buyer: [redacted] b6 b7C
Micro Pacific, Inc. dba Home Improvement Center
PPP 521, Box 1000
Saipan, MP 96950

Seller: Sino Trading Agency, Guam
[redacted] Bldg.
Suite 200, Rte. 4
Agana, Guam 96910
Tel: 671-472-6634/5 Fax: 671-472-6096
E-Mail [redacted]

Proposal Date: September 9, 1998

Description of Goods:	Basalt Aggregate
Quantity:	6,000 metric tons
Price:	US$91.25 per ton
Terms:	**Cashier's Check** once vessel is cleared and ready for discharge.
Destination:	Port of Saipan
Validity:	30 days
Title:	Shall pass upon full payment
Delivery Time / Date:	Oct. 1998

$600,000.00

Note: Material shall meet specification requirements provided. Material will be delivered on shore Port of Saipan. Shipper is responsible for all clearances. Shipper will load buyer's trucks at no cost during discharge operation. Trucking is not included. All duties and taxes are the responsibility of Buyer.

F A C S I M I L E

To: [redacted] b6 b7C

Of: Sino Trading Japan LTD.

Fax: [redacted]

FAXED
FEB 12 1999
#Pages_____

Pages: 1, including this cover sheet.

Date: February 12, 1999

RE: L/C Details

[redacted]

Please find below details for L/C for basalt for Saipan. Please forward to [redacted] for review. I also fax you yesterday regarding shipping details for Guam and Saipan. Please answer immediately details for Saipan entry. I need this ASAP. Please ask [redacted] for answers. Call me once you read this.

L/C No. 03-2357

Routing No. 121405115

[redacted]

b6
b7C

From the desk of...

[redacted]
Sino Trading Agency, Guam
T.S. Tanaka Bldg.
Ste. 200 Rte. 4
Hagatna, Guam 96910
[redacted]
Fax: [redacted] E-Ma [redacted]

From: [redacted] b6 b7C
To:
Cc:

Date: Wednesday, February 03, 1999 5:52 PM
Subject: YOUR SHIPMENT TO SAIPAN

[redacted] b6 b7C

Pursuant to our meeting today, kindly note the following:

1. Full style of CTSI- Saipan as follows:
CONSOLIDATED TRANSPORTATION SERVICES, INC.
Address: P.O. Box 1937, Saipan MP 96950
Tel. no. (671) 322-1690
Fax no. (671) 322-1692
E-mail address [redacted] b6 b7C
Contact person [redacted]

2. Full style of CTSI-Guam as follows:
CONSOLIDATED TRANSPORTATION SERVICES, INC.
Tel. no. (671) 477-4449/4450
Fax no. (671) 447-4453
E-mail address: [redacted]
Contact person: [redacted]

3. Charges
We are starting to look into the charges. However, would appreciate if you can provide us at your earliest the details of the vessel.

4. Saipan clearances
Kindly advise if you need any assistance in securing permits from different government agencies (DEQ and Quarantine) in SPN.

5. Also, we'd like to remind you to send also copy of Coast Guard certificate that MV Bisco Bona has entered American water previously.

6. Kindly confirm if MV Bisco Bona is to load scrap when it leaves Saipan. Would you have a idea as to number of days that vessel will anchor in SPN?

We shall await for your prompt reply. By the way, we already requested [redacted] b6 b7C to meet you tomorrow. He'll call you.

Thanks and best regards [redacted]

2/4/99

Business License

DEPARTMENT OF COMMERCE

Commonwealth of the Northern Mariana Islands

SAIPAN, MARIANA ISLANDS

IN COMPLIANCE WITH PUBLIC LAW 3-11, AND ALL OTHER APPLICABLE LAWS IN THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS, THE LICENSEE:

Sino Trading Agency CNMI, Inc.

LOCATED AT

[redacted] b6 b7C

IS HEREBY LICENSED TO ENGAGE IN THE BUSINESS OF

Wholesale Construction Materials 5063

THE AUTHORITY OF WHICH TO OPERATE UNDER SECTION 503 (D) (9)

THIS LICENSE IS NON-TRANSFERABLE AND SHALL COMMENCE ON 2/09/1999 *AND EXPIRE ON* 2/09/2000

NO. 5383 - 1 - 1

2/18/1999

DATE OF ISSUE

Frankie B. Villanueva

SECRETARY OF COMMERCE

(This license must be displayed in a conspicuous place)

Business License

DEPARTMENT OF COMMERCE

Commonwealth of the Northern Mariana Islands

SAIPAN, MARIANA ISLANDS

IN COMPLIANCE WITH PUBLIC LAW 3-11, AND ALL OTHER APPLICABLE LAWS IN THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS, THE LICENSEE:

Sino Trading Agency CNMI, Inc.

LOCATED AT

[redacted] b6 b7C

IS HEREBY LICENSED TO ENGAGE IN THE BUSINESS OF

Import/Export (Except Garments) 5199

THE AUTHORITY OF WHICH TO OPERATE UNDER SECTION 503 (D) (9)

THIS LICENSE IS NON-TRANSFERABLE AND SHALL COMMENCE ON 2/09/1999 *AND EXPIRE ON* 2/09/2000

NO. 5383 - 1 - 1

2/18/1999

DATE OF ISSUE

Frankie B. Villanueva

SECRETARY OF COMMERCE

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Business License

DEPARTMENT OF COMMERCE

Commonwealth of the Northern Mariana Islands

SAIPAN, MARIANA ISLANDS

IN COMPLIANCE WITH PUBLIC LAW 3-11, AND ALL OTHER APPLICABLE LAWS IN THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS, THE LICENSEE:

Sino Trading Agency CNMI, Inc.

LOCATED AT

[redacted]

b6
b7C

IS HEREBY LICENSED TO ENGAGE IN THE BUSINESS OF

Retail Construction Materials 5211

THE AUTHORITY OF WHICH TO OPERATE UNDER SECTION 503 (D) (12)

THIS LICENSE IS NON-TRANSFERABLE AND SHALL COMMENCE ON 2/09/1999 *AND EXPIRE ON* 2/09/2000

NO. 5183 - 2 - 1

2/18/1999

DATE OF ISSUE

Frankie B. Villanueva

SECRETARY OF COMMERCE

(This license must be displayed in a conspicuous place)

November 9, 1999

Honolulu, Hawaii 96850

CHINA STATE CONSTRUCTION
ENGINEERING CORPORATION,
doing business as
PAC UNITED CORP. LTD. (CNMI),
GUALO RAI CENTER, ROOM 201, SAIPAN,
CNMI;
DEPARTMENT OF THE INTERIOR,
OFFICE OF INSULAR AFFAIRS - VICTIM;
FRAUD AGAINST THE GOVERNMENT.

Captioned investigation was initiated amid allegations that PAC UNITED CORP. LTD. (CNMI) is using inferior materials and building methods to defraud the Department of the Interior in connection with the construction of the Commonwealth of the Northern Mariana Islands (CNMI), Public School System (PSS), Capital Improvement Project (CIP), Kagman Elementary School (KES) project.

The United States Department of the Interior, Office of Insular Affairs is funding eighty percent (80%) of the approximately six million dollar ($6,000,000.00) Commonwealth of the Northern Mariana Islands Public School System Kagman Elementary School construction project currently being built in Kagman village, island of Saipan, in the District of the Northern Mariana Islands.

The building is being constructed using pre-cast panels of concrete.

46H-HN-15918-TO

Building construction is being inspected by the Commonwealth of the Northern Mariana Islands Department of Public Works, Technical Services Division. THE FBI/OPA Public Corruption Task Force has been advised that PAC UNITED CORP. LTD. (CNMI) paid for [redacted] of the Technical Services Division, and his family to fly to Beijing, Peoples Republic of China (PRC), to meet with CHINA STATE CONSTRUCTION ENGINEERING CORPORATION. It is alleged that [redacted] expenses in Beijing were paid for by CHINA STATE CONSTRUCTION ENGINEERING CORPORATION. b6 b7C

Subsequent to being awarded the contract PAC UNITED CORP. LTD. (CNMI) supplied Department of Public Works with two 1999 Toyota RAV4 sport utility vehicles. A Department of Public Works inspector advised the FBI/OPA Public Corruption Task Force that Department of Public Works [redacted] assigned to the Kagman Elementary School construction project, has most probably been compromised by PAC UNITED CORP. LTD. (CNMI). b6 b7C

On-site inspection reports by Public School System Capital Improvement Project personnel revealed cracked wall panels, cracked ceiling panels, and support columns which had lost their structural integrity. The concrete supplier advised the FBI/OPA Public Corruption Task Force that obvious problems with the handling of the concrete panels and columns existed at the job-site. All these obvious deficiencies escaped the attention of Department of Public Works [redacted] At the insistence of the Public School System Capital Improvement Project coordinators, PAC UNITED CORP. LTD. (CNMI) was forced to test several pre-cast panels. b6 b7C

The FBI/OPA PCTF was advised that thirty-one (31) roof panels were rejected for failure to meet the concrete compaction test minimum pound per square inch requirements, or for a lack of rebar support consistent with the building specifications, and that 10 load bearing columns have been removed/destroyed as a result of on-site rejection.

Letters between PAC UNITED CORP. LTD. (CNMI) and its sub-contractors reveal PAC UNITED CORP. LTD. (CNMI) switched to a cheaper concrete mix which appears to violate the building specification contract. The sub-contractor advises in a letter obtained by the FBI/OPA Public Corruption Task Force that the sub-contractor was instructed by PAC UNITED CORP. LTD. (CNMI) to use cheaper concrete to plaster walls joints rather than the more expensive and stronger non-shrink grout called for in the building specifications.

A review of contract change orders indicates PAC UNITED CORP. LTD. (CNMI) has continuously attempted to short-cut the project specifications in order to cut costs, and that the Commonwealth of the Northern Mariana Islands Department of Public Works has conceded most of the changes.

These allegations were discussed with Assistant United States

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Attorneys [redacted] and [redacted] who indicted [redacted]

[redacted]

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b7C

(Rev. 10-01-1999)

FEDERAL BUREAU OF INVESTIGATION

46H-HN-15918-11

SERIA: [redacted]

[redacted]

[redacted]

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b7C

Procurement and Supply
Department of Finance

P.O. Box 5234 CHRB SAIPAN, MP 96950 TEL. (670) 664-1500 FAX (670) 664-1515

FACSIMILE TRANSMISSION

NAME : [redacted] b6 b7C

AGENCY: _____

TRANSMITTING 02 *PAGE(S) INCLUDING COVER SHEET. IF ALL PAGE(S) NOT RECEIVED, CONTACT THIS OFFICE IMMEDIATELY.*

MESSAGE: Per your request, the document DPW98-IFB-022.

Please let us know if document came out clear.

[redacted] b6 b7C

[redacted] *P&S*

RECEIVED 2/10/00 [redacted] b6 b7C

INVITATION FOR BIDS

DPW98-IFB-022 August 21, 1998

Governor Pedro P. Tenorio and Lt. Governor Jesus R. Sablan, through the Department of Public Works (DPW) are soliciting sealed bids for the Construction of Kagman Elementary School on the island of Saipan, Commonwealth of the Northern Mariana Islands. The Magnitude of this project is between $5,000.000.00 and $10,000.00.

An original and three copies of sealed bids must be submitted to the Office of the Director, Division of Procurement & Supply, Lower Base, Saipan no later than 2:00 p.m. local time, Wednesday, September 30, 1998, at which time and place the bids will be publicly opened and read aloud.

A bid bond of fifteen percent (15%) of the total bid amount must accompany the bid. This security may be Certified, Cashier's Check, or Bid Bond. Certified checks and cashier's checks must be made payable to the CNMI Treasurer, with a notation on the face of the check. "Credit Account No. 44660". Bid bonds must be issued by a surety listed in the U.S. Federal Register, Department of the Treasury Circular 570.

The specifications, drawings, and bid documents are available on or after Monday, August 24, 1998 at the DPW Technical Services Division, Lower Base, Saipan. A cost of two hundred fifty dollars (US$250.00) is required for each set. Payment must be made to the CNMI Treasurer; a receipt of payment must presented when acquiring the project package.

A Pre-bid Conference for this project will be held at 10:00 a.m. local time, Wednesday, September 16, 1998 at the DPW Conference Room, Office of the Secretary, Gualo Rai, Saipan. All questions/concerns must be submitted in writing no later than close of government business, September 16, 1998.

The responsible bidder submitting the lowest responsive bid will be awarded a contract with the CNMI Government and will be required to deliver Performance and Payment bonds equal to 100% of the contract price. Performance and Payment Bonds must be issued by a surety listed in the U.S. Federal Register, Department of the Treasury Circular 570. Performance time for completion of the project is three hundred ten (310) calendar days. Liquidated damages will be assessed at one thousand five hundred dollars (US$1,500.00) per calendar day.

This project is funded in part by a grant from the U.S. Department of Interior, Office of Insular Affairs (DOI/OIA), at 60% of the cost, with 40% matching funds provided by the CNMI Government. Award of a contract is contingent upon funding approval from DOI/OIA.

All responses to this IFB should take into account any and all taxes that will be charged to the successful bidder in fulfilling the contract, including excise tax.

All bid documents received shall become the sole property of the Government of the Northern Mariana Islands. The Government reserves the right to reject any or all bids and to waive any imperfection in a bid proposal in the interest of the Commonwealth of the Northern Mariana Islands.

MV 9/16

/s/JOSEPH P. ROSARIO	/s/RITA H. INOS, Ed. D.	/s/HERMAN S. SABLAN
Acting Secretary of Public Works	Commissioner of Education	Director, Procurement & Supply

46H-HN-15918-12

SEE 2A: [redacted]

[redacted]

[redacted]

b6
b7C

FAX TRANSMISSION
U.S. DEPARTMENT OF JUSTICE
U.S. ATTORNEY'S OFFICE

District of the Northern Mariana Islands
Horiguchi Bldg., 3rd Floor
P.O. Box 500377
Saipan, MP 96950
Telephone: (670) 236-2982
Fax: (670) 236-2985

To: SA [redacted] and FBI/OPA TFA [redacted]
Fed. Bureau of Investigation
3rd Floor, Horiguchi Bldg.
P.O. Box 2030
Saipan, MP 96950

Date: January 27, 2000

b6
b7C

Fax #: (670) 234-6783

Pages: 4 (including cover sheet)

From: [redacted] AUSA

b6
b7C

Subject: Pac United Investigation

COMMENTS:

For your information, please see the attached Grand Jury Subpoena [redacted] dated 1/27/00.

b3

If you have any questions regarding this matter, please advise immediately, as we plan to certify ~~and return~~ this Subpoena today.

[redacted]

b6
b7C

If you do not receive the total number of pages indicated, please call the sending individual at [redacted]

CONFIDENTIALITY NOTE:
The information contained in this facsimile message ~~is legally privileged and confidential information~~ intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, you are notified that any dissemination, distribution or copy of this telecopy is strictly prohibited. If you have received this telecopy in error, please immediately notify us by telephone and return the original message to us at the above address via the U.S. Postal Service. Thank you.

RECEIVED 2/10/00 [redacted]

b6
b7C

AO 110 (Rev. 12/89) Subpoena to Testify Before Grand Jury

[redacted] b3

United States District Court

DISTRICT OF the Northern Mariana Islands

S00-01

TO: [redacted] b3 b6 b7C

SUBPOENA TO TESTIFY BEFORE GRAND JURY

SUBPOENA FOR: [redacted]

YOU ARE COMMANDED to appear and testify before the Grand Jury of the United States District Court at the place, date, and time specified below.

PLACE	COURTROOM
UNITED STATES DISTRICT COURT Horiguchi Building, Garapan Saipan, MP 96950	GRAND JURY ROOM Third Floor
	DATE AND TIME [redacted] b3

YOU ARE ALSO COMMANDED to bring with you the following document(s) or object(s):*

[redacted] b3 b6 b7C

☐ *Please see additional information on reverse*

This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

CLERK	DATE
GALO L. PEREZ	January 27, 2000
(By) Deputy Clerk	

This subpoena is issued on application of the United States of America	NAME, ADDRESS and PHONE NU[redacted] AUSA U.S. Attorney's Office Third Floor, Horiguchi Bu[redacted] P.O. Box 500377, Saipan, MP [redacted] b6 b7C

*If not applicable enter "none"

FAX TRANSMISSION

FBI
P.O. Box 502030
Saipan, MP 96950
670-234-6934
Fax: 670-234-6783

To: AUSA [redacted] **Date:** February 1, 2000 b6 b7C

Fax #: 236-2985 **Pages:** 1, including this cover sheet.

From: [redacted]

Subject: PAC United/Kagman Elementary

COMMENTS:

Per your verbal request, I faxed [redacted] which were provided by [redacted] in response to a grand jury subpoena which was served on them. b3

[redacted] b5

Please advise me if you intend to call any witnesses to the [redacted] or [redacted] Grand Juries.

[redacted] b6 b7C

RECEIVED 2/10/00 [redacted]

46H-HN-15918-14.

SSRA: [redacted]

032 [redacted] 01.0TH/

[redacted]

ALWAYS COPY OF CAT/MDOT

FAX TRANSMISSION
U.S. DEPARTMENT OF JUSTICE
U.S. ATTORNEY'S OFFICE

District of the Northern Mariana Islands
Horiguchi Bldg., 3rd Floor
P.O. Box 500377
Saipan, MP 96950
Telephone: (670) 236-2982
Fax: (670) 236-2985

To: SA [redacted]
Fed. Bureau of Investigation
3rd Floor, Horiguchi Bldg.
P.O. Box 2030
Saipan, MP 96950

Date: January 27, 2000

b6
b7C

Fax #: (670) 234-6783

Pages: 8 (including cover sheet)

From: [redacted] AUSA

Subject: Pac United Investigation

COMMENTS:

Dear [redacted]

If at all possible, I need copies of the following:

[redacted]

b5
b6
b7C

b6
b7C

[redacted]

b5

Thanks.

[redacted]

b6
b7C

[redacted]

If you do not receive the total number of pages indicated, please call the sending individual at (670) 234-9133/4.

CONFIDENTIALITY NOTE:

The information contained in this facsimile message is ~~legally privileged and confidential information~~ intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, you are notified that any dissemination, distribution or copy of this telecopy is strictly prohibited. If you have received this telecopy in error, please immediately notify us by telephone and return the original message to us at the above address via the U.S. Postal Service. Thank you.

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b7C

b5
b6
b7C

46H-HN-15918-15

SSRA:

[redacted]

(Y)

[redacted]

[redacted]

b6
b7C

02/01/00

TO: [redacted]

From: [redacted]

Fax: [redacted]

b6
b7C

Dear [redacted]

Thank you very much for helping us a lot when we stayed in Saipan.

Everything is well before I recognized there is a really problem about my passport renewal and identification. Right now my family is already illegally staying in Guam. After I got advices from [redacted] and Laywer [redacted] who is introduced to us by [redacted] we have known that there is only one way to continue staying in Guam legally from our original parole status, it is applying for political asylum. (Attorney Fee $1.500/peron) Before we make decission of this, we are wondering Can I apply for it by myself or not; How long I have to stay in Guam for waiting it without travelling if I need

b6
b7C

RECEIVED

If it takes time, we would like to go back for Saipan temproaryly then move to my aunty's place near Washington D.C, she already found the job for us. Now Guam economy is still low. and unemployement rate is keeping growing.

Now I am very worrying about our future. Few days ago one of my friend who is doing some parttime for [redacted] told me that [redacted] is very clearly my b6 b7C knows situation (passport expired / No immingration statues), So he decided to influence on Guam immingration to send me back to mailand China.

To my regret, my perzonal identification causes you a lot of trouble.

Thank you again for Continuing give us help.

Sincerely yours,

[redacted] b6 b7C

FAX TRANSMISSION

FBI
P.O. Box 502030
Saipan, MP 96950
670-234-6934
Fax: 670-234-6783

To: AUSA [redacted] **Date:** February 2, 2000 b6 b7C

Fax #: [redacted] **Pages:** 8, including this cover sheet.

From: [redacted]

Subject: PAC United/Kagman Elementary School

COMMENTS:

Per our conversation yesterday, submitted with this cover sheet is a seven page summary of the award of the Kagman Elementary School contract to PAC CNMI. b3

[redacted]

[redacted] b6 b7C

46H-HN- 15918-16

SSRA [redacted]

RECEIVED

033 [redacted] 02 OTH

[redacted]

Procurement and Supply
Department of Finance

P.O. Box 10008 CK SAIPAN, MP 96950 TEL. (670) 664-1500 FAX (670) 664-1515

March 22, 1999

[redacted] b6 b7C

Attorneys at Law
P.O. Box 5549
Saipan, MP 96950

RE: Protest of Fletcher Pacific – DPW98-IFB-022 – Construction of the Kagman Elementary School – PROTEST DECISION P & S 99-005

Dear [redacted]

This letter conveys the decision made on your client's protest against award under the above referenced Invitation for Bids.

History of this Procurement

This procurement is being conducted by the Secretary of the Department of Public Works (DPW) as expenditure authority under CNMI Procurement Regulations (CNMI-PR) Section 4-101 Construction Procurement. Construction to be acquired is the construction of the Kagman Elementary School.

The solicitation, issued as an Invitation for Bids (IFB), and dated August 21, 1998, was published in local papers during the months of August and September, 1998, with a submission deadline of September 30, 1998.

A pre-bid conference was held September 16, 1998. The notes of that conference indicate that a request for extension of the submissions deadline was made by nine (9) bidders, two of whom had been delayed receiving plans because DPW had run out of bid packages. In response to a question about funding, DPW, and the Public School System (PSS) responded that funds were available for the project and contracts for the project would not be awarded if the funds were not available. It was also clarified that the base bid would not include the additive alternates.

An extension was granted until October 7, 1998 at 2 pm. when bids were opened as scheduled. Bids were received from AIC Marianas, Inc. (AIC), Black Micro, Fletcher Pacific (Fletcher), PAC United Corp., Ltd. (PAC United), Marfran Enterprises (Marfran), and Sablan Construction Co., Ltd. (Sablan)

On October 20, 1998, bids were reviewed by the Director, Technical Services Division, DPW (TSD), and the CIP Committee Chairman of the Board of Education (PSS). Of the six bids received, those of Sablan and Marfran were not considered because they did not submit U.S. Treasury listed Bid Bonds as required. Additive alternate C1.1 "UXO Survey" was deleted from the list of eleven (11) additive alternates.

The totals of base bids and the ten (10) remaining additive alternates were:

Bidder	Base Bid	Alternates	Total
Pac United	$4,435,000	$1,437,900	$5,872,900
Fletcher	$4,513,700	$1,372,689	$5,886,389
Black	$4,614,700	$1,469,000	$6,083,700
AIC	$4,453,443	$2,125,404	$6,578,847

The review committee chose to include six (6) of the ten (10) additive alternates:

A 1. Building "F"
A 2. Skylights
A 4. Landscaping
C 2.1 Well Pumping
C 2.2 Off-Site Civil
C 2.3 Parking

The four (4) not chosen were:

A 3. Generator
A 5. Kitchen Equipment
C 5.1 Off-Site Signage
C 5.2 Signage

When the six (6) additive alternates chosen were added to the above base bids the results were:

Pac United	$4,435,000	$1,343,000	$5,778,000
Fletcher	$4,513,700	$1,230,667	$5,744,367
Black	$4,614,700	$1,346,000	$5,960,700
AIC	$4,453,443	$1,911,450	$6,364,893

On October 20, 1998, TSD/DPW requested concurrence to award Fletcher Pacific the project as lowest bidder. There was no explanation in file for the exclusion of the additive alternatives of Generator, Kitchen Equipment, Water Well, Off-Site Signage and Signs

On October 22, 1998, Pac United wrote to the Director of Procurement and Supply concerned about "numerous rumors that the second lowest bidder, Fletcher Pacific, would be awarded the project". Pac United said-

> It has now come to our attention that the Department of Public Works has now written a memorandum requesting the Division of Procurement and Supply, to concur an award to Fletcher Pacific, based upon the selection of certain alternative additives, by eliminating the essential generator set, the kitchen equipment and all the on site and off site signages.
>
> If such information is accurate, we hereby advise you of the intent of Pac United corp., to protest the decision of the Public School System, the Department of Public Works, and other relevant government agencies approving the award of DPW98-IFB-98-022 to Fletcher Pacific.

Pac United continued, contending that it offered the lowest base bid, and the lowest overall bid for the base bid and all of the additive alternates-

> Hence, Pac United Corp., should be awarded this contract if our base bid price and combined Additive Alternates is below the PSS budget for the project. Therefore, we seek the disclosure of the PSS budget for this project to make the determination as to whether the PSS conformed to procurement regulations in undertaking such selection of the Additive Alternates.

There is no record in file of a response to Pac United's letter of October 22, 1998.

On October 28, 1998, the Director of Procurement & Supply concurred in TSD/DPW's October 20, 1998 intent to award Fletcher Pacific.

On November 12, 1998, DPW wrote to the Director of Procurement and Supply explaining that it had reconsidered its decision to award to Fletcher, and requested concurrence to award to Pac United-

> ...award of the construction contract to Fletcher Pacific (was) in the amount of $5,744,367. That amount consisted of the base bid and six of the ten additive alternate bids which had been formulated to stay within the project budget and included only those additives considered essential by the Public School System.
>
> The Department of Public Works has reconsidered its decision based upon the total available funding of $6,100,000 for the project. As such, the base bid plus *all* additive alternates bids results

> in Pac United being the lowest apparent bidder in the amount of $5,872,900 versus Fletcher's total of $5,892,589.

*(As explained above, only Fletcher bid on deleted additive alternate C1.1 "UXO Survey"; removing this additive reduces Fletcher's total bid to $5,886,389)

On November 13, 1998, the Director of Procurement and Supply withdrew his concurrence in the selection of Fletcher, and gave his concurrence to DPW's intent to award Pac United.

On November 18, 1998, DPW gave notice to Fletcher, and to other unsuccessful bidders, of its intent to award this project to "Zhong Jian PAC (Saipan), Inc. dba PAC United Corporation, Ltd., as it was determined to be the lowest responsive, responsible bidder".

On November 23, 1998, Fletcher filed its protest against award of this project to Pac United. Per CNMI-PR Section 5-101(2)(b) action to award Pac United was suspended pending disposition of the protest.

On December 16, 1998, the Director of Procurement and Supply made a determination under CNMI-PR Section 5-101(2)(c)(i) that the construction of the Kagman Elementary School was urgently needed and would unduly delayed by failure to make an award promptly. On December 18, 1998, contract award was made to Pac United.

Basis of Protest

1. Fletcher contends that the Secretary of DPW should have followed the original recommendation of the Director of Technical Services, DPW as concurred in by the Director of Procurement and Supply, and selected Fletcher; and that,

2. DPW has a duty to make sure the successful offeror has complied with all CNMI licensing laws and has satisfied the requirements for responsibility and responsiveness.

Analysis of Protest

DPW lawfully picked and chose additives which resulted in the selection of Fletcher and its recommendation should be upheld

Fletcher states-

> In the Kagman procurement, the CNMI government issued an IFB to obtain base bids and bids on additive and deductive elements of the work and reserved the right to award to the lowest aggregate bidder on the combination

> of items would fall within the government's funding limitation.
>
> The IFB in this matter does not require the contracting officer to select additive alternatives o · deductives in the order stated in the list of priorities in the bid schedules. Instead, the IFB allows the DPW contracting officer to include additives "in any numerical order in which they are listed on the bid form."..... That is *precisely* the process followed by DPW's Director of Technical Services and concurred in by the Director of Procurement and Supply.

We agree with these statements, but question Fletcher's contention that the original decision reached through this process cannot be reconsidered prior to award.

There is no concrete evidence that DPW's original choice of Fletcher was influenced by funding considerations. As noted earlier, DPW's request of October 20, 1998, for concurrence to award Fletcher, contained no explanation for choosing certain additive alternates and excluding others, and no reference at all to project budget or funding considerations. On November 12, 1998, DPW requested concurrence to select Pac United following reconsideration of its earlier intent to award Fletcher. In this request DPW said that the decision to award Fletcher on the combination of base bid and six (6) of the ten (10) additive alternate bids "was formulated to stay within the project budget and included only those additives considered essential by the Public School System". There is, however, no documentation available to support this statement.

It seems just as likely that PSS's intent here was simply to give Fletcher the contract based upon the one combination of base bid and additive alternates which made Fletcher low bidder. On November 12, 1998, DPW said "total available funding" was $6,100,000. An award to Fletcher in the amount of $5,744,367 would certainly have been within the project budget, but might not have been in the best interest of the government considering that Pac United had offered to provide all ten (10) additive alternatives for $5,872,900, also within project budget.

Fletcher has asked us to consider a number of federal cases decided under the Department of Defense regulations (DFARS) which illustrate the manner in which additive or deductive items are utilized in procurements where funding limitations are a major concern and which are juggled in various ways to obtain the maximum benefit to the government. While not asking us to follow the federal regulations, or asserting that there is an absence of local regulations, Fletcher suggests that the application of the DFARS to this situation supports the result reached in the original DPW decision to award Fletcher, and would somehow prevent DPW from reconsidering this award, but the issue here is not whether the original decision to award Fletcher was correct, but whether DPW has the right to reconsider it, and to award a different contractor. The federal cases are not helpful in this regard, and the provisions of the IFB here appear to provide the guidelines needed to answer that question.

Fletcher recognizes that DPW "has reserved the right to award the lowest aggregate bidder on the combination of items that fall within the government's funding limitation", can include those additives listed in the IFB "in any order", and, "could lawfully pick and chose from the additives in the best interest of the government".

Project funding documents obtained from DPW, and shared with Fletcher, indicate that Public Law 9-1 (FY 1993 CIP Grant) appropriated $4,000,000 for the Kagman School, and that Public Law 11-27 (August 14, 1998) re-appropriated an additional $2,500,000 from other funds in PL 9-1 for the Kagman School creating a project budget of $6,500,000. The project budget indicates that money available for construction and "contingencies" is $6,016,764. This is the figure which was the approximate "funding limitation" which the DPW selection committee worked with on October 20, 1998. Both Fletcher and Pac United came in well below this figure on original bids plus all additives.

There is no apparent justification for DPW's recommendation to award Fletcher on the basis that funding limitations required the reduction of the number of desired additives from ten (10) to six (6). When Pac United pointed this out to DPW on October 22, 1998, a reconsideration was made and Pac United selected as the lowest bidder on combination of base bid and all additive alternates.

Pac United has not satisfied all CNMI licensing laws and the requirements for responsibility and responsiveness and should not be awarded

Fletcher contends that Pac United failed to file an Annual Corporation report with the CNMI Government for 1997. As a consequence it could not have been properly licensed to do business in the CNMI. Since proof of compliance with CNMI licensing laws is a requirement of the IFB, Pac United should be regarded as a non-responsible bidder and not awarded.

The contract file contains copies of business licenses issued to Pac United for the periods December 29, 1997 to December 28, 1998, and December 29, 1998 to December 28, 1999. Contact with the Registrar of Corporations confirms that there is a 1997 annual corporation report on file from Pac United.

Decision

DPW's award to Pac United was an exercise of its right to award the lowest aggregate bidder on the combination of items that would fall within the government's funding limitation. In this selection, base bid and all additive alternatives fell within the funding limit.

No funding limitations, or other reasons, have been established to explain or support DPW's original choice of Fletcher based on a combination of base bid and a reduced and

selective number of additive alternatives. In its decision to reconsider selecting Fletcher, and to award Pac United, DPW has chosen all of the additive alternates in the best interest of the government.

The allegation of Pac United's non-compliance with CNMI's licensing laws and the implication raised as to its responsibility as a bidder has been refuted by evidence to the contrary.

My decision is that the award of a contract to Pac United for the construction of Kagman Elementary School was proper and in compliance with CNMI Procurement Regulations.

Accordingly, the request of Fletcher Pacific against award of contract under DPW98-IFB-022 to Pac United is denied.

This decision may be appealed to the Public Auditor. Appeal procedures are contained in CNMI-PR-section 5-102.

[redacted]

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b7C

CC: AAG/Procurement Counsel
Public Auditor
Pac United
AIC Marianas
Black Micro

46H-HN- 15918 -17

SSRA [redacted]

(X)

[redacted]

RECEIVED 2/24/00

[redacted]

b6
b7C

U.S. Department of Justice

United States Attorney
District of the Northern Mariana Islands

P.O. Box 500377
Saipan, MP 96950

TEL(670) 236-2982
FAX (670) 236-2985

February 2, 2000

VIA HAND DELIVERY

[redacted] b3 b6 b7C

Re: Grand Jury Subpoena [redacted]

Dear [redacted]

The purpose of this letter is to discuss Grand Jury Subpoena [redacted] The Grand Jury is conducting an investigation of possible violations of federal criminal laws involving [redacted] b3

[redacted] The Grand Jury consists of from sixteen to twenty-three persons from the District of the Northern Mariana Islands. It is their responsibility to inquire into federal crimes which may have been committed in this District.

You have been subpoenaed [redacted] b3 You may refuse to answer any questions at the Grand Jury if a truthful answer to the questions would tend to incriminate you. Anything that you do say may be used against you by the Grand Jury or in a subsequent legal proceeding. If you have retained counsel, the Grand Jury will permit you a reasonable opportunity to step outside the grand jury room to consult with counsel if you so desire.

If you would like, the investigating agents and I would like to meet with you or you and your attorney prior to [redacted] However, you are not required to meet with this office or the FBI regarding this matter. If you desire, please call Special Agent [redacted] at tel. nos. (670)234-6934 or (670)322-7866, pgr. no. (670)236-4786, or cell. no. [redacted] to set up a meeting. b3 b6 b7C

Thank you for your attention to this matter.

Sincerely,

FREDERICK A. BLACK
United States Attorney
Districts of Guam and the NMI

By [redacted] b6 b7C
Assistant United States Attorney

cc: FBI – [redacted]

AO 110 (Rev. 12/89) Subpoena to Testify Before Grand Jury

b3

United States District Court

DISTRICT OF the Northern Mariana Islands

S00-003

TO:

[redacted]

b3
b6
b7C

SUBPOENA TO TESTIFY BEFORE GRAND JURY

SUBPOENA FOR:

[redacted]

YOU ARE COMMANDED to appear before the Grand Jury of the United States District Court at the place, date, and time specified below.

PLACE	COURTROOM
UNITED STATES DISTRICT COURT Horiguchi Building Saipan, MP 96950	GRAND JURY ROOM Third Floor
	DATE AND TIME [redacted] b3

YOU ARE ALSO COMMANDED to bring with you the following document(s) or object(s):* NONE.

NOTE: Please see the additional information on the reverse side entitled "Advised of Rights".

☐ *Please see additional information on reverse*

This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

CLERK	DATE
GALO L. PEREZ	February 2, 2000
(By) Deputy Clerk [redacted]	

This subpoena is issued on [redacted] S and PHONE NUMBER OF ASSISTANT U.S. of the United States of America

ATTORNEY [redacted] AU

U.S. Attorney's Office
Third Floor, Horiguchi Building
P.O. Box 500377, Saipan, MP 96950
Tel: [redacted]

b6
b7C

*If not applicable enter "none"

AO 110 (Rev. 12/89) Subpoena to Testify Before Grand Jury

VGIOO

RETURN OF SERVICE(1)

RECEIVED BY SERVER	DATE	PLACE
SERVED	DATE 2-9-00	PLACE [redacted]
SERVED ON (PRINT NAME) [redacted]		
SERVED BY (PRINT NAME)	TITLE	

b3
b6
b7C

STATEMENT OF SERVICE FEES

TRAVEL	SERVICES	TOTAL

DECLARATION OF SERVER(2)

I declare under penalty of perjury under the laws of the United States of America that the foregoing information contained in the Proof of Service is true and correct.

Executed on _____ _____
Date *Signature of Server*

_____
Address of Server

ADDITIONAL INFORMATION

Advised of Rights

Please be advised that:

A. **The Grand Jury is conducting an investigation of possible violations of federal criminal laws involving fraud by mail and wire, in violation of Title 18 U.S.C. §§ 1341 and 1343, and involving bribery, in violation of Title 18 U.S.C. § 666.**

B. **You may refuse to answer any question if a truthful answer to the question would tend to incriminate you.**

C. **Anything that you do say may be used against you by the Grand Jury or in a subsequent legal proceeding.**

D. **If you have retained counsel, the Grand Jury will permit you a reasonable opportunity to step outside the grand jury room to consult with counsel if you so desire.**

(1) As to who may serve a subpoena and the manner of its service see Rule 17(d), Federal Rules of Criminal Procedure, or Rule 45(c), Federal Rules of Civil Procedure.
(2) "Fees and mileage need not be tendered to the witness upon service of a subpoena issued on behalf of the United States or an officer or agency thereof (Rule 45(c), Federal Rules of Civil Procedure: Rule 17(d), Federal Rules of Criminal Procedure) or on behalf of certain indigent parties and criminal defendants who are unable to pay such costs (28 USC 1825, Rule 17(b) Federal Rules of Criminal Procedure)".

46H-HN-15918-18

SSRA: [redacted]

[redacted]

[redacted]

2/24/00 [redacted]

b6
b7C

U.S. Department of Justice

United States Attorney
District of the Northern Mariana Islands

P.O. Box 500377
Saipan, MP 96950

TEL(670) 236-2982
FAX (670) 236-2985

February 2, 2000

VIA HAND DELIVERY

[redacted] b3 b6 b7C

Re: Grand Jury Subpoena [redacted]

Dear [redacted]

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[redacted] The Grand Jury consists of from sixteen to twenty-three persons from the District of the Northern Mariana Islands. It is their responsibility to inquire into federal crimes which may have been committed in this District.

You have been subpoenaed to testify in front of the Grand Jury on [redacted] b3 You may refuse to answer any questions at the Grand Jury if a truthful answer to the questions would tend to incriminate you. Anything that you do say may be used against you by the Grand Jury or in a subsequent legal proceeding. If you have retained counsel, the Grand Jury will permit you a reasonable opportunity to step outside the grand jury room to consult with counsel if you so desire.

If you would like, the investigating agents and I would like to meet with you or you and your attorney prior to [redacted] However, you are not required to meet with this office or the FBI regarding this matter. If you desire, please call Special Agent [redacted] at tel. nos. (670)234-6934 or (670)322-7866, pgr. no. (670)236-4786, or cell. no. [redacted] to set up a meeting. b3 b6 b7C

Thank you for your attention to this matter.

Sincerely,

FREDERICK A. BLACK
United States Attorney
Districts of Guam and the NMI

By: [redacted] b6 b7C
Assistant United States Attorney

cc: FBI -- [redacted]

AO 110 (Rev. 12/89) Subpoena to Testify Before Grand Jury [redacted] b3

United States District Court

DISTRICT OF the Northern Mariana Islands

S00-004

TO:

[redacted]

SUBPOENA TO TESTIFY BEFORE GRAND JURY

b3
b6
b7C

SUBPOENA FOR:

[redacted]

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PLACE	COURTROOM
UNITED STATES DISTRICT COURT Horiguchi Building Saipan, MP 96950	GRAND JURY ROOM Third Floor
	DATE AND TIME [redacted] b3

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NOTE: Please see the additional information on the reverse side entitled "Advised of Rights".

☐ *Please see additional information on reverse*

This subpoena shall remain in effect until you are granted leave to depart by the court or by an officer acting on behalf of the court.

CLERK	DATE
GALO L. PEREZ	February 2, 2000
(By) Deputy Clerk [redacted]	b6 b7C

This subpoena is issued on [redacted] ESS and PHONE NUMBER OF ASSISTANT U.S. ATTORNEY of the United States of America

[redacted]

U.S. Attorney's Office
Third Floor, Horiguchi Building
P.O. Box 500377, Saipan, MP 96950
Tel: [redacted]

*If not applicable enter "none"

AO 110 (Rev. 12/89) Subpoena to Testify Before Grand Jury

RETURN OF SERVICE(1)		
RECEIVED BY SERVER	DATE	PLACE
SERVED	DATE	PLACE
SERVED ON (PRINT NAME)		
SERVED BY (PRINT NAME)	TITLE	

STATEMENT OF SERVICE FEES		
TRAVEL	SERVICES	TOTAL

DECLARATION OF SERVER(2)

I declare under penalty of perjury under the laws of the United States of America that the foregoing information contained in the Proof of Service is true and correct.

Executed on _____ _____
Date *Signature of Server*

_____
Address of Server

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C. Anything that you do say may be used against you by the Grand Jury or in a subsequent legal proceeding.

D. If you have retained counsel, the Grand Jury will permit you a reasonable opportunity to step outside the grand jury room to consult with counsel if you so desire.

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(2) "Fees and mileage need not be tendered to the witness upon service of a subpoena issued on behalf of the United States or an officer or agency thereof (Rule 45(c), Federal Rules of Civil Procedure; Rule 17(d), Federal Rules of Criminal Procedure) or on behalf of certain indigent parties and criminal defendants who are unable to pay such costs (28 USC 1825, Rule 17(b) Federal Rules of Criminal Procedure)".

(Rev. 10-01-1999)

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 02/17/2000

To: Honolulu

From: Honolulu
Saipan RA
Contact: SA [redacted] 670-234-6934 b6 b7C

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 46H-HN-15918 (Pending)

Title: CHINA STATE CONSTRUCTION ENGINEERING CORPORATION;
ET AL;
FAG-DOI

Synopsis: To set leads at Guam.

Details: China State Construction Engineering Corporation (CSCEC), doing business as PAC United Corp., Ltd. (CNMI), was awarded a contract to build Kagman Elementary School. Kagman Elementary School is intended to be a public school. Kagman Elementary School will be operated under the control of the Commonwealth of the Northern Mariana Islands (CNMI), Public School System (PSS).

[redacted] b6 b7C

The Kagman Elementary School construction is eighty percent (80%) funded by U.S. Department of Interior (DOI), Office of Insular Affairs (OIA), Capital Improvement Project (CIP) funds.

Kagman Elementary was designed by HNC architectural firm on Guam. The architects used a precast concrete panel and column design. The school was designed with the understanding that public schools are used as shelters in typhoons and other calamities. The KES was designed for a seismic zone 4.

The CNMI Department of Public Works (DPW) exercises over-sight of the construction of Kagman Elementary School and is the Contracting Officer for the CNMI.

The construction of Kagman Elementary School was opened for bidding under a public bidding process by the CNMI Procurement and Supply.

046 [redacted] 31-EC

46H-HN-15918-19

SSRA [redacted] b6 b7C

It appears that PAC CNMI, through it's management, intended to defraud the CNMI by under bidding the KES project and then substituting unauthorized cheaper products and construction methods which do not conform to the contract requirements.

It is also appears that individuals employed at the CNMI DPW have been corruptly influenced by PAC United Corp., Ltd.

PAC United obtained the $6.1 million contract to build the Kagman Elementary School by fraud. In a highly contested bidding, PAC was awarded the contract when it was determined PAC underbid the next closest bidder, Fletcher Pacific, by approximately $19,000.00. Sources have advised PAC United lowered their bid by approximately $200,000 the morning of the bid openings.

Subsequent investigation has revealed that PAC's bid was not made to the specifications of the contract requirements. It appears PAC intended to under bid the project to win the bid and then substitute less expensive materials and inflate change orders to make up for the losses. As early as February 25, 1999, CNMI DPW was advised PAC had submitted an inflated change order and was advised to watch for common practices of contractors who low bid a project.

PAC's [redacted] advised the FBI/OPA PCTF that he had in-fact bid the project using concrete in the wall joints instead of the more expensive non-shrink grout. [redacted] despite knowledge of contract specifications to the contrary, substituted the cheaper concrete for the joints. An on-site worker advised that [redacted] had instructed the worker to substitute cheaper weaker unapproved concrete in place of non-shrink for the column to foundation connections. b6 b7C

PAC's deceptive bidding practices resulted in legitimate contractors losing the bid. The U.S. Army Corps of Engineer report states "As a general rule, the quality of workmanship for the precast and cast-in-place concrete structural members is very poor." The report states "Numerous structural deficiencies noted in this report may affect the integrity of the buildings." The report specifically identifies "The beam resting on this column is badly chipped at the corner. Most of the bearing surface is compromised. The bottom dowels at this column are NOT grouted. The grout tube at the top of the column is exposed and empty, leading the observer to believe that these dowels are also NOT grouted. The beam in this classroom has a cold joint midway in the beam. There is a crack in the exterior wall panel, running from top to bottom, that goes all the way through the wall."

The matter is currently being presented to the federal Grand Jury of the District of the Northern Mariana Islands.

LEAD (s):

Set Lead 1:

HONOLULU

AT GUAM

Will contact [redacted] b6 b7C
[redacted] of PAC CNMI, and obtain permission to take custody of any corporate documents in [redacted] Particularly, [redacted] is alleged to have a "list of particulars" which details how PAC CNMI bid the KES project.

Set Lead 2:

AT GUAM

Will contact Calvo's Insurance Underwriters, [redacted] b6 b7C
[redacted] Hagatna, Guam, [redacted] and obtain all supporting documentation, including financial statements, which support Calvo's issuance of a U.S. Treasury listed bond for the KES project. PAC CNMI was alleged to be short $1 million to qualify for the bond.

Set Lead 3:

AT GUAM

Will contact [redacted] at Upi Elementary b6 b7C
School [redacted] and obtain a copy of the punch list for Upi Elementary.

Set Lead 4:

AT GUAM

Will contact the [redacted] Ordot/Chalan Pago b6 b7C
Elementary School at [redacted] and arrange to interview appropriate personnel at the elementary school who can comment on the condition of school.

Set Lead 5:

AT GUAM

Will contact China State Construction Engineering Corporation, Young Plaza, Tamuning, Guam and attempt to determine who participated in the preparation of the bid for KES. Will attempt to obtain any supporting documents which pertain to the KES project cost estimates.

Set Lead 6:

AT GUAM

Will contact [redacted] HNC Architects, Inc., 316 Herman Cortes Avenue, Suite 300, Aguna, Guam, [redacted] and inquire about a letter dated 2/25/99 from [redacted] CNMI Secretary of Public Works, which states that some of the line items on the change order submitted by PAC CNMI were overcharges. b6 b7C

Set Lead 7:

HONOLULU

AT GUAM

Will contact [redacted] at HNC Architects, Inc., 316 Herman Cortes Avenue, Suite 300, Aguna, Guam, [redacted] and attempt to ascertain the status of her former co-worker [redacted] with regard to conversations involving the two vehicles supplied by PAC CNMI. Information indicates that [redacted] was to receive one of the two vehicles purchased by PAC CNMI. b6 b7C

♦♦

Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 04/21/00 Time: 02:32

Case ID: 46H-HN-15918 Serial: 20

Description of Document:

Type : FD302
Date : 01/15/00
To : HONOLULU
From : [redacted]
Topic: [redacted] WAS INTERVIEWED & PROVIDED THE FOLLOWING INFO

b6
b7C

Reason for Permanent Charge-Out:

inadvertently serialized into main file

Transferred to:

Case ID: 46H-HN-15918-302 Serial: 18

Employee: [redacted]

Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 05/04/00 Time: 02:42

Case ID: 46H-HN-15918 Serial: 21

Description of Document:

Type : FD302
Date : 01/24/00
To : HONOLULU
From : [redacted]
Topic: [redacted] TRACKS THE FEDERALLY FUNDED C.I.P

b6
b7C

Reason for Permanent Charge-Out:

inadvertently serialized into the main file;

Transferred to:

Case ID: 46H-HN-15918-302 Serial: 19

Employee: [redacted]

Automated Serial Permanent Charge-Out
FD-5a (1-5-94)

Date: 05/22/00 Time: 19:25

Case ID: 46H-HN-15918 Serial: 22

Description of Document:

Type : FD302
Date : 05/15/00
To : HONOLULU
From : [redacted]
Topic: [redacted] WAS CONTACTED AT THE TANAPAG PUBLIC HEALTH

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Reason for Permanent Charge-Out:

inadvertently serialized into main file

Transferred to:

Case ID: 46H-HN-15918-302 Serial: 28

Employee: [redacted]

To [redacted] FBI

From: [redacted] b6 b7C

Note [redacted] there is no government employee by the name of [redacted] However, I found [redacted] Details below:

0801 HR Employee Inquiry Action Code . . . I

Employee No. . [redacted] b6 b7C
Tax Id No. . [redacted]
Add'l EE No. [redacted]

Home Company. . . 01010
Home Bus. Unit. . 1493
Security Bus Unit 1493

Salary . . . . (W,B,S,M,A) A
Hourly Rate. . 10.723
Compa-Ratio. . 1.22
Shift Code . . No Shift -
Check Route. . [redacted]
Marital Stat [redacted]
Gender [redacted]
Ethnic Code. [redacted] [redacted]
Pay Status . . 0 Active
Employmt Stat. Full-time
Locality . . . Saipan (de
Supervisor . .
Nxt Review Dt. 10/18/00
Type Review. . None Assig
Tax (Res/Wrk). 68 / 68
FTE. 1.00

Date Started. . . [redacted]
Orig. Hire Date
Date of Birth . [redacted]

Position ID. . [redacted] b6 b7C
Job Type/Step [redacted] Environmental Quality
Pay Freq/Class B / H Bi-Weekly
Pay Grade/Step H20 / 10

FLSA Exempt. . N
Benefit Group. LMTTRM Limited Term
Union Code . . Graded
EEO Category . 003 Technicians
Country/Lang : / USA
MP FUTA / MP FUTA
Std Hrs/Year . 2080.00 No. of Pay Periods

---

(1) [redacted]

TO: [redacted] b6 b7C

FROM: [redacted]

THIS LADY RECEIVED $1,000 LOAN FROM PAC UNITED

1 page

~~HQ~~/6 H – HQ– 15918-23

SSRA [redacted] b6 b7C

[redacted]

U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

Honolulu, Hawaii 96850

May 11, 2000

CHINA STATE CONSTRUCTION ENGINEERING CORPORATION,
doing business as PAC UNITED CORP. LTD (CNMI)
GUALO RAI CENTER, ROOM 201,
SAIPAN, COMMONWEALTH OF THE NORTHERN
MARIANA ISLANDS;
FRAUD AGAINST THE GOVERNMENT - DEPARTMENT OF INTERIOR.

Captioned matter was initiated amid allegations that China State Construction Engineering Corporation, doing business as Pac United Corp. Ltd (CNMI), Gualo Rai Center, Room 201, Saipan, Commonwealth of the Northern Mariana Islands, had obtained a contract to build the Kagman Elementary School by fraud. It was alleged that China State Construction Engineering Corporation, doing business as Pac United Corp. Ltd (CNMI), was substituting cheaper unapproved materials in lieu of materials specified in the bid documents.

X

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b7C

China State Construction Engineering Corporation (CSCEC), doing business as PAC United Corp., Ltd. (CNMI), was awarded a contract to build Kagman Elementary School. Kagman Elementary School is intended to be a public school operated under the control of the Commonwealth of the Northern Mariana Islands (CNMI), Public School System (PSS).

Eighty percent of the funds to construct the Kagman Elementary School are being provided through United States Department of Interior (DOI), Office of Insular Affairs (OIA), Capital Improvement Project (CIP) funds.

Kagman Elementary was designed by an architectural firm on Guam. The architects used a precast concrete panel and column design. The school was designed with the understanding that public schools are used as shelters in typhoons and other calamities. Kagman Elementary was designed to the building standards for a seismic zone four.

On June 17, 1999, PSS CIP coordinators noted the structural failure of six load-bearing columns. Huge concrete

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside you[redacted]. b6 b7C

SSRA [redacted]

13[redacted]2 LHM /

46H-HN-15978-64

roof panels were tested and failed minimum concrete strength tests.

On December 21, 1999, the United States Army Corps of Engineers reported that numerous structural deficiencies noted at Kagman Elementary School may affect the integrity of the buildings. The Army Corps of Engineers strongly recommended that the engineer of record be consulted to address the deficiencies.

On April 3, 2000, the architect and engineers of record, HNC Architects, Inc., reported that the structural integrity of the building, improper installation of doors and windows and failure to eliminate trip hazards not only affect the overall value of the building but also subject the students and staff to safety hazards.

HNC went on to say that it was HNC's observation that the work performed to this point does not meet the requirements described in the bid documents.

The CNMI Department of Public Works (DPW) exercises over-sight of the construction of Kagman Elementary School and is the Contracting Officer for the CNMI.

The construction of Kagman Elementary School was opened for bidding under a public bidding process by the CNMI Procurement and Supply.

It appears that China State Construction Engineering Corporation, doing business as PAC CNMI, through it's management, intended to defraud the CNMI by under bidding the KES project and then substituting unauthorized cheaper products and construction methods which do not conform to the contract requirements.

It also appears that individuals employed at the CNMI DPW have been corruptly influenced by PAC United Corp., Ltd. [redacted] the CNMI DPW [redacted] at the Kagman Elementary construction site received unlimited personal use of a brand new Toyota Rav4 vehicle purchased by China State Construction Engineering Corporation. [redacted] also admits to receiving at least one five hundred dollar ($500.00) loan from China State Construction Engineering Corporation. b6 b7C

Investigation has revealed that on approximately April 27, 1999, CNMI DPW Division of Environmental Quality (DEQ) [redacted] received a one thousand dollar ($1,000.00) loan from CSCEC. [redacted] was assigned to inspect the Kagman Elementary School project and on January 22, 1999, issued a Stop Work Order. On approximately March 12, 1999, [redacted] was passing letters from CSCEC to DEQ [redacted] indicating that [redacted] was the point of contact between CSCEC and DEQ. b6 b7C

A DPW employee has advised the FBI that the employee knows of three other DPW employees, besides the two mentioned above, who received "loans" from PAC while working on the Kagman Elementary School project.

On December 26, 1998, PAC was officially awarded the $5.8 million contract to build the Kagman Elementary School. In a highly contested bidding, PAC was awarded the contract when it was determined PAC underbid the next closest bidder, Fletcher Pacific, by approximately $19,000.00.

Subsequent investigation has revealed that PAC's bid was not made to the specifications of the contract requirements. It appears PAC intended to underbid the project to win the bid and then substitute less expensive materials and inflate change orders to make up for the losses. As early as February 25, 1999, CNMI DPW was advised PAC had submitted an inflated change order. CNMI DPW was advised to watch for common practices of contractors who low bid a project.

PAC's [redacted] advised the FBI/OPA Public Corruption Task Force that [redacted] had in-fact bid the project using concrete in the wall joints instead of the more expensive non-shrink grout. [redacted] despite knowledge of contract specifications to the contrary, substituted the cheaper concrete for the joints. An on-site worker advised that [redacted] had instructed the worker to substitute cheaper weaker unapproved concrete in place of non-shrink grout for the column to foundation connections. b6 b7C

PAC's deceptive bidding practices resulted in legitimate contractors losing the bid. The U.S. Army Corps of Engineer report states "As a general rule, the quality of workmanship for the precast and cast-in-place concrete structural members is very poor." The report states "Numerous structural deficiencies noted in this report may affect the integrity of the buildings." The report specifically identifies "The beam resting on this column is badly chipped at the corner. Most of the bearing surface is compromised. The bottom dowels at this column are NOT grouted. The grout tube at the top of the column is exposed and empty, leading the observer to believe that these dowels are also NOT grouted. The beam in this classroom has a cold joint midway in the beam. There is a crack in the exterior wall panel, running from top to bottom, that goes all the way through the wall."

HNC issued a report of observations HNC made of the job site conditions at Kagman Elementary School, following a job site visit March 20th and 21st, 2000. In the comment section of the report, HNC concludes that the overall quality of construction is poor, and that hardware and fixtures have been poorly installed.

HNC goes on to say that substitutions in specified materials such as door hardware and window finishes reduce the initial value of the building. HNC observed that some light fixtures in classrooms did not have hangers and were supported by the acoustic tile grids.

HNC stated that no windows had sufficient fasteners. HNC reported it is absolutely essential the proper fasteners get installed, failure to do so will affect the integrity of the building shell and the safety of any one inside the building during typhoon conditions.

The contract between the CNMI and PAC specified that the concrete construction would be in compliance with ACI Manual of Concrete Practice.

The ACI Manual of Concrete Practice Section 12.2.3 states that curing shall be continued for at least seven (7) days in the case of all concrete except high early strength concrete for which the period shall be at least three (3) days. Alternatively, if tests are made of cylinders kept adjacent to the structure and cured by the same methods, moisture retention measures may be terminated when the average compressive strength has reached seventy percent (70%) of the specified strength. Moisture retention measures may also be terminated when the temperature of the concrete is maintained at least at 50°F for the length of time that laboratory-cured cylinders, ... representative of the concrete-in-place, require to achieve eighty-five percent (85%) of the specified strength.

The contract specifications required the fabricator of the precast concrete components is to be a company specialized in manufacturing the precast components with minimum three (3) years documented experience. PAC has no experience in precast concrete fabrication.

PAC sub-contracted with Guam Concrete Builders (GCB) to have GCB fabricate the pre-cast panels for the KES. On April 14, 1999, PAC agreed to supply the concrete for the project and instructed GCB to have the panels ready to move in two (2) days.

PAC ordered 4,000 psi high early strength concrete on April 28th and 29th and again on May 1st, 3rd, and 5th, of 1999, for use on the precast panels. PAC arranged to have GEO take samples of the April 28, 1999, high early strength. On May 1, 1999, GEO conducted a three day concrete compaction test on the high early strength concrete. This is the only three day test conducted by GEO at PAC's instruction until the discovery of the switch from high early strength to standard mix. Starting May 8, 1999, PAC began ordering standard mix concrete to be delivered to KES construction site. The standard mix saved PAC approximately eight percent (8%) of the concrete cost.

PAC did not inform GCB that PAC had switched concrete. PAC did not arrange to have samples tested as required by ACI Manual of Concrete Practice Section 12.2.3. GCB continued to move the panels after two days and the concrete panels were fractured. Visitors to the job site commented on how damaged the panels appeared.

Prior to the switch from high early strength to standard mix being uncovered, PAC CNMI attempted to hide the switch from GCB.

In furtherance of the fraud, PAC provided GCB with a false submittal document which indicated that PAC had not submitted specifications to DPW for high early strength concrete. In truth, the submittal referred to in PAC's letter to GCB did include specifications for high early strength concrete.

GCB has left the job-site and it appears PAC fabricated the remaining precast panels and other components.

When interviewed [redacted] advised that he did not like to work with high early strength concrete, it was more expensive and harder to work with. b6 b7C

The contract specifications called for 7,000 psi non-shrink grout. The detailed design drawings called for 5,000 psi non-shrink grout. [redacted] advised the FBI that [redacted] had cost his bid for the KES using concrete for the wall joints instead of the more expensive non-shrink grout which costs two to three times more. [redacted] utilized 4,000 psi standard concrete for the wall joints. Even after PSS discovered the substitution and advised PAC to reduce their payments due, PAC CNMI refused to deduct the substitution from the job price.

The precast wall panels are connected with a ten inch joint. The building specifications call for 7,000 psi non-shrink grout. The detailed design drawings call for 5,000 psi non-shrink grout.

As early as March 4, 1999, GCB documented conversations with PAC CNMI reference GCB grouting the wall connections and PAC CNMI supplying the grout.

On May 24, 1999, PAC received specifications for two types of 7,000 psi non-shrink grout from a Guam supplier.

On June 10, 1999, PAC had a meeting with DPW and admitted that they were using concrete for the wall joints. Minutes of the meeting indicate that DPW [redacted] approved the use of concrete on a two day pour. PSS requested written confirmation. Despite repeated requests, PAC has not provided either PSS or DPW with certification from an engineer b6 b7C

approving PAC's wall joints. At least one engineer has refused to certify the joint and states that the joint does not meet precast concrete accepted practice requirements.

On June 15, 1999, PAC submitted specifications for a 7,000 psi non-shrink grout to DPW.

On November 9, 1999, DPW [redacted] advised that PAC was still doing a one day pour using 5,000 psi concrete on the wall joints. b6 b7C

[redacted] advised the FBI that he knew he should receive authorization before substituting any product specified in the contract.

The contract specifications call for the use of the non-shrink grout to tie the load bearing columns to the floor slabs and foundations. GCB [redacted] documented in his notes that [redacted] instructed him to use standard mix concrete instead of the non-shrink grout. The non-shrink grout costs approximately two to three times standard mix concrete. b6 b7C

The U.S. Army Corps of Engineers report indicates at least one grout tube may be empty.

The FBI was provided a letter from a CNMI consulting company hired by CSCEC which was addressed to CSCEC. In the letter, the consultant states that CSCEC represented to the consultants that CSCEC was capable of completing the Kagman Elementary School project. The consultant states that those representations are inaccurate and untrue, if not totally false.

Numerous interviews have been conducted of individuals at CNMI PSS, DPW and Department of Finance, as well as suppliers, engineers, and CSCEC employees.

Numerous individuals have been called to testify before the Federal Grand Jury. Numerous records and documents have been obtained via Grand Jury Subpoena. Records have been supplied by numerous outside agencies and private businesses.

Recently [redacted] Chinese nationals employed by CSCEC on the Kagman Elementary School project, were unexpectedly and hastily instructed to return to the Peoples Republic of China. [redacted] left Saipan the evening [redacted] was advised there was a subpoena for [redacted] to appear before the Federal Grand Jury. [redacted] left with-in days of [redacted] b6 b7C

This matter has been referred to the United States Attorney's Office, District of Guam and the Northern Mariana Islands, for criminal prosecution.

(Rev. 10-01-1999)

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE **Date:** 05/11/2000

To: Criminal Investigative **Attn:** FCS/GFU
Honolulu **Attn:** WCC Program Manager

From: Honolulu
Saipan RA
Contact: SA [redacted] 670-234-6934 b6 b7C

Approved By: [redacted]

Drafted By: [redacted]

Case ID #: 46H-HN-15918 (Pending)

Title: CHINA STATE CONSTRUCTION ENGINEERING
CORPORATION, doing business as
PAC UNITED CORP. LTD (CNMI)
GUALO RAI CENTER, ROOM 201
SAIPAN, CNMI;
FAG-DOI

X [redacted] b6 b7C

Synopsis: To provide LHM which updates the status of the investigation.

Enclosures: Enclosed for FBIHQ is the original and one copy of an LHM reporting results of captioned investigation.

Details: To provide LHM reference captioned investigation.

♦♦

SSRA [redacted] b6 b7C

132 [redacted] 01. EC/

46H-HN-15918-25

46H-HN-15918-26

SSRA [redacted]

(X)

[redacted]

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COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS *OFFICE OF THE SECRETARY OF PUBLIC WORKS*
Northern Mariana Islands, Saipan, MP 96950

FAX TRANSMITTAL - MEMORANDUM

To : [redacted] Date : 5-8-00 b6 b7C
Fax No:

From : [redacted]

Subject : Kagman Elementary School

No. of Pages, Including Cover: 1

Message:

Dear [redacted] b6 b7C

Thank you for your quick response to our proposed plan of action and our request to resume payments to the contractor on this project. As you may have suspected, I wrote the letter for Secretary [redacted] signature.

You are correct in pointing out that the issue of deductive change orders due to the possibility of reduced value of this project was not addressed. We have not lost sight of this issue and I believe that toward the end of this contract, PSS will request HNC Architects to perform an evaluation of the project to determine if the CNMI and Federal governments are receiving full value of what was contracted for. If the value is significantly less, we anticipate deductive change orders will result. In the meantime, it has been agreed between PSS and DPW that completed work that is unacceptable will not be paid for until the necessary corrective measures have been taken and found to be satisfactory.

We will notify your office of the results of the Architect's evaluation prior to making final payment to the contractor for both work performed plus retainage.

Best Regards,

[redacted] b6 b7C

cc: [redacted]

Commonwealth of the Northern Mariana Islands
Office of the Secretary of Public Works
Capitol Hill
Saipan, Mariana Islands 96950
Tel: (670) 235-8714 / 9570
235-5827 / 5828
235-5830
Fax: (670) 235-8345

May 4, 2000
Serial No. PW0543

[redacted] b6 b7C
Fiscal Program Specialist
Office of Insular Affairs
U.S. Department of the Interior
1849 C Street, NW
Washington, D.C. 20240

Subject: FY 1993 CIP Project – Kagman Elementary School

Dear [redacted]

Thank you for your letters of April 25 and 27, 2000, which helped clarify OIA's position on the construction contract for the Kagman Elementary School project.

Our Technical Services Division has examined the detailed plan put forth by the Public School System (PSS) to correct the construction deficiencies and the Department of Public Works (DPW) is in general concurrence with the recommended course of action. Some of the repair work identified in the PSS letter to us dated April 24, 2000, has already been completed and the remainder is either under construction or has been scheduled. This corrective work is in accordance with the Architect's (HNC) recommendations based on their Observation Report from the site investigation that occurred on March 20 and 21, 2000. The contractor presently has about 100 workers on the site and is attempting to complete the project by July 1, 2000. The situation is being monitored very closely by both PSS and DPW technical staff members to verify that corrective work is done in conformance with the Architect's recommendations.

It has been suggested that a "Stop Work " order be issued to allow the CNMI Government time to further evaluate the project. Both PSS and DPW do not agree with this assessment and think the project should continue under close supervision. The A/E design firm of record, HNC Architects, will be assisting us with this task.

[redacted] b6 b7C

Please note we are retaining a full 10% of the contractor's earnings as a guarantee that the work is completed in accordance with the contract documents. Near the end of the contract, this retainage will amount to approximately $530,000. In addition, 100% performance and payment bonds have been provided by a U.S. Treasury-listed bonding company and if the contractor cannot or will not complete the project in a satisfactory manner, the bond will be called to finish it properly.

As you know, this project has been under very close scrutiny since last December. Based on our present knowledge of the construction quality and the financial conditions of the contract, both PSS and DPW feel that sufficient protection for the Federal and CNMI governments are in place. Under these circumstances, we hereby request that OIA reconsider its suspension of funds so that the contractor can be paid for the satisfactory work it has performed and the project can be completed on its current schedule.

If you need any additional information on this matter, we would be happy to provide it to you.

Sincerely,

[redacted] b6 b7C

Secretary of Public Works

cc: Commissioner of Education
Director, TSD
702 CIP Program Manager

HNC
ARCHITECTS INC

316 Hernan Cortes Avenue, Suite 300 • Hagåtña, Guam 96910
Tel: (671) 477-2111 • Fax: (671) 477-2125 • Email: admin@hncarchitects.com

ARCHITECTURE • INTERIOR DESIGN • PLANNING

FACSIMILE TRANSMITTAL SHEET

TO:	FROM:
COMPANY: PSS Capital Improvements	DATE: 4/12/00
FAX NUMBER:	TOTAL NO. OF PAGES INCLUDING COVER: 25
PHONE NUMBER:	HNC PROJECT NUMBER: Y00.001
RE: Kagman Elementary	CC:

b6
b7C

SHOULD YOU HAVE ANY QUESTIONS OR DO NOT RECEIVE ALL PAGES LISTED ABOVE, PLEASE CONTACT OUR OFFICE.

☒ URGENT ☐ FOR REVIEW ☒ PLEASE COMMENT ☒ FOR YOUR INFORMATION

NOTES/COMMENTS:

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Attached is the Proposal and revised Structural Report that was sent to DPW Saipan.

Thanks

Construction Administration

RECEIVED
APR 11 2000

Principals •
Associates •

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~~CONFIDENTIAL~~

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HNC

ARCHITECTURE
INTERIOR DESIGN
PLANNING

Principals

Associates

310 Herman Cortez Ave.
Suite 300
Hagåtña, Guam 96910
Tel: (671) 477-2111
Fax: (671) 477-2125
admin@hncarchitects.com
www.hncarchitects.com

An Owner Company of
UrbArchitects, Inc.

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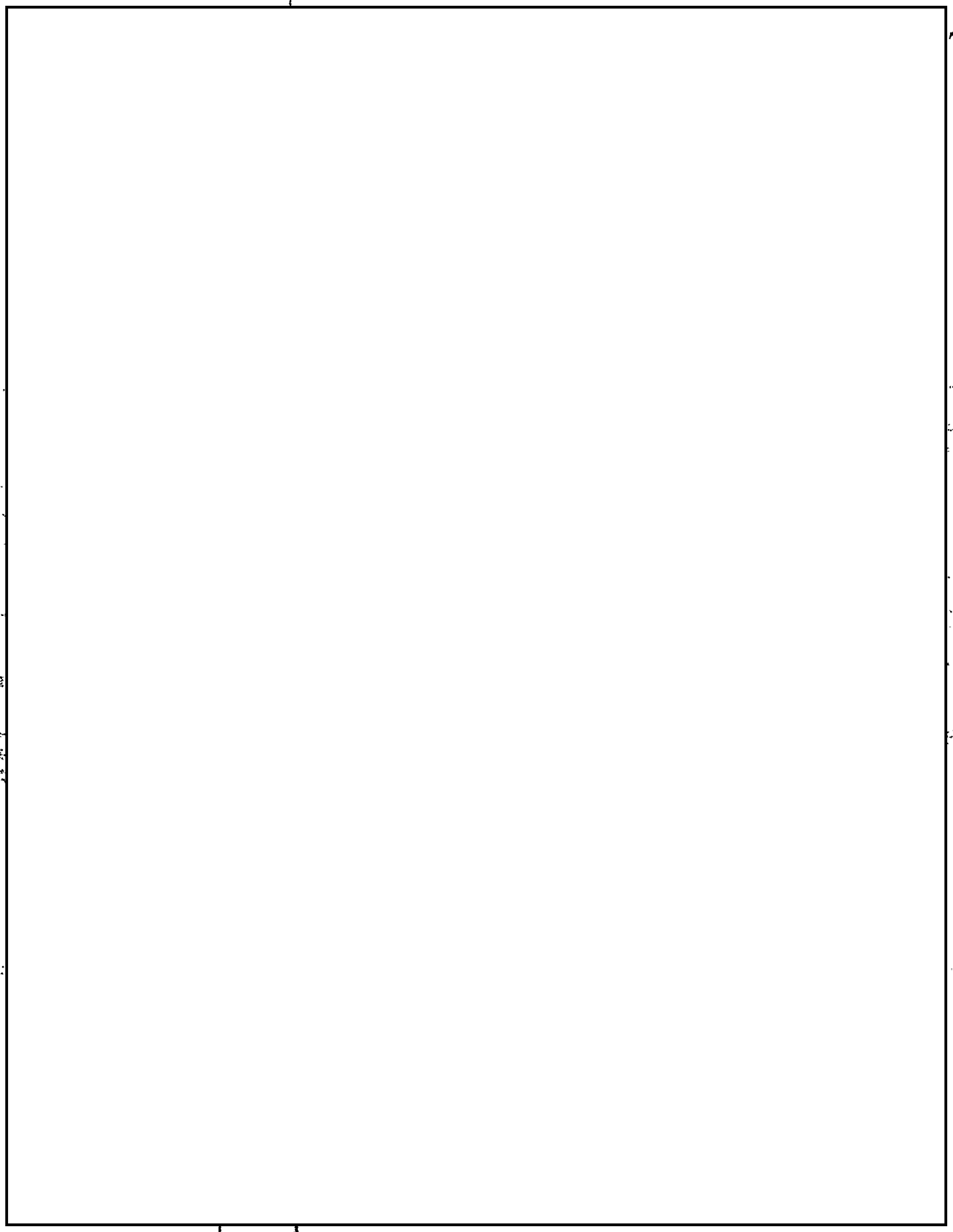

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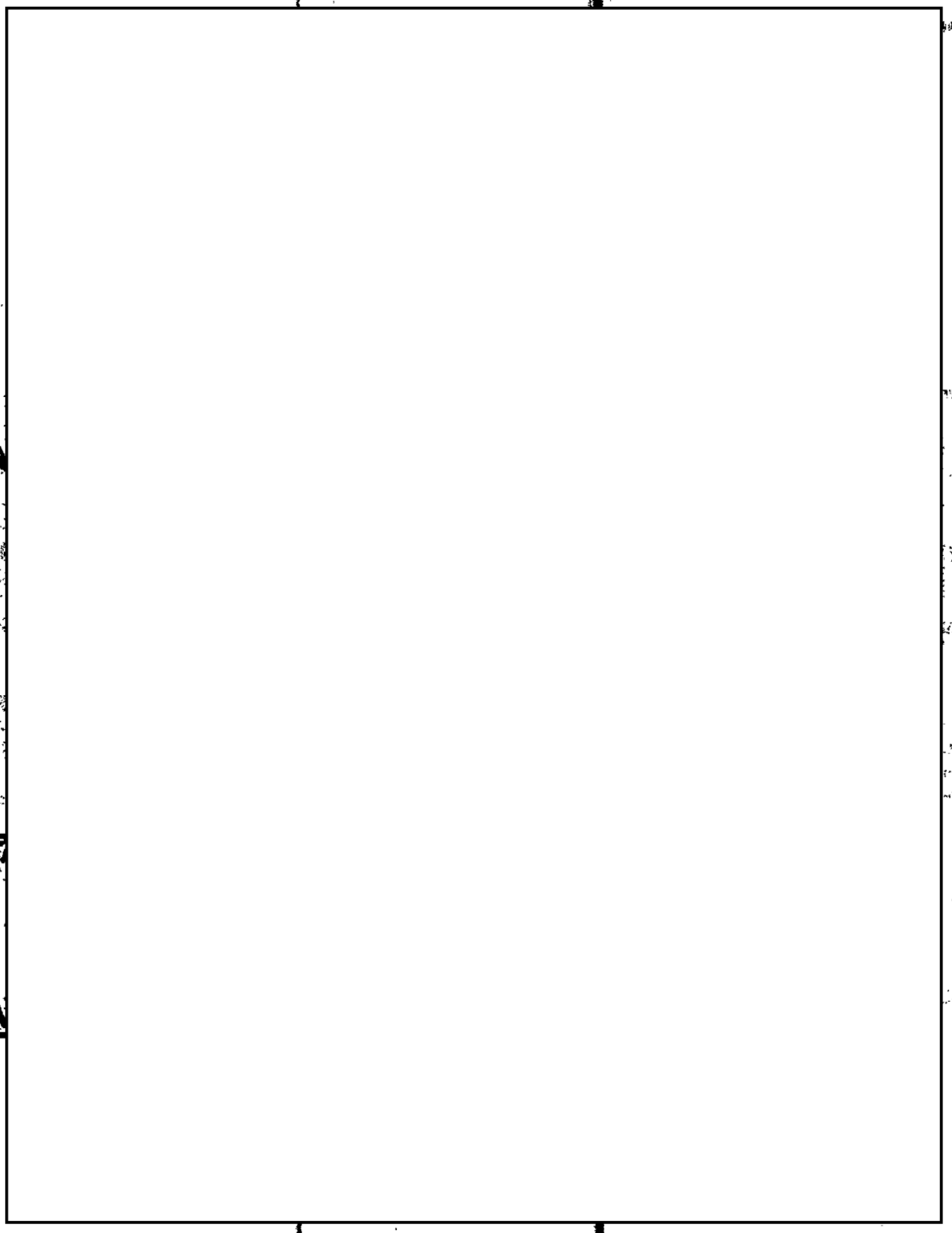

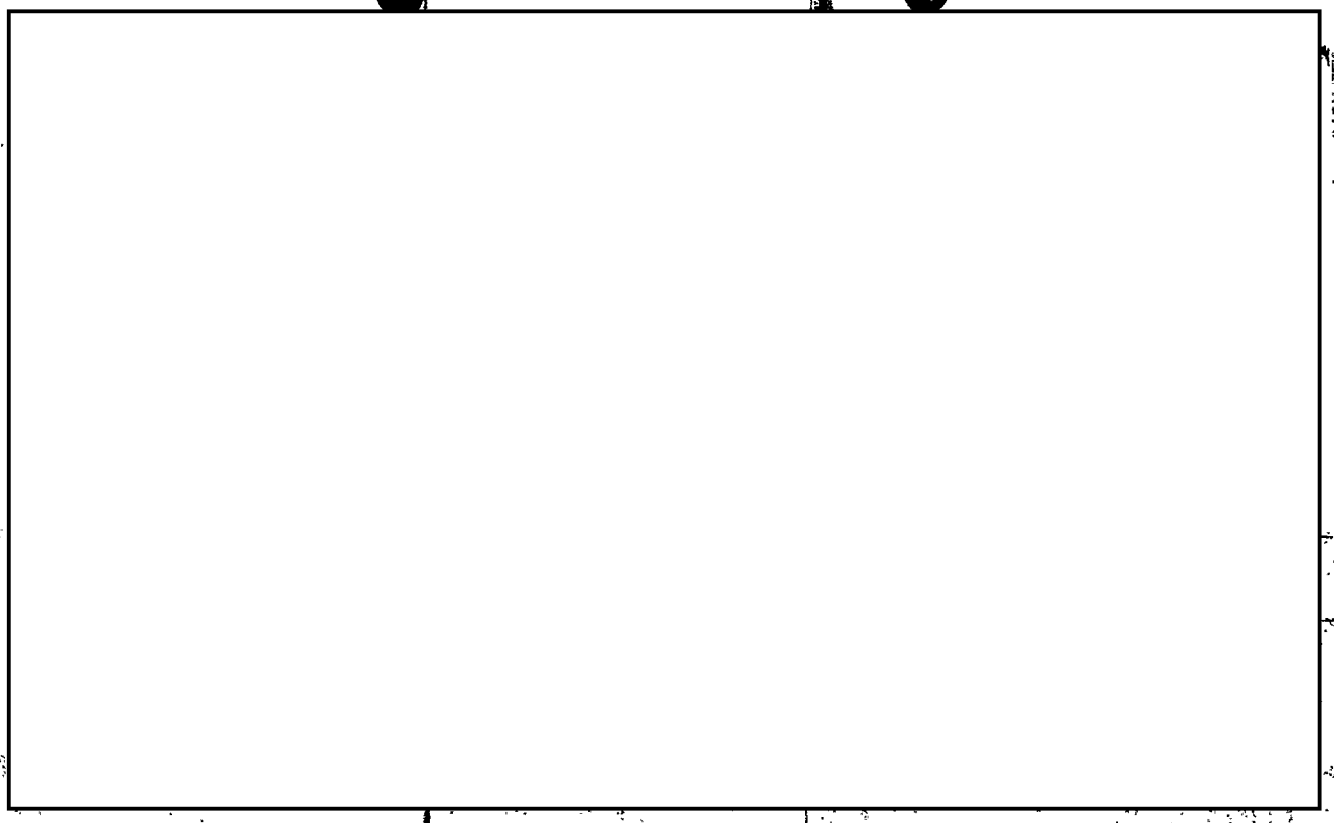

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